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Life Insurance Edition

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56th Year, No. 8

New Sec. 213 Bill Dims Chances of Companies Draft

Condon Measure Has New York Department's Backing But Not Agents'

ALBANY — Chairman William F. Condon of the joint committee of the New York legislature, which is working on the revision of section 213, the expense limitation section of the insurance law, Monday night introduced in the Senate a bill that boded ill for the proposed new article IX-F, drafted by the companies and backed by the agents.

The Condon bill is reported to have backing of the New York department and to have prepared by it.

The department has not admitted any connection with the bill. However, it is know that the department feels the companies and agents should have some relief and that adjustments in line with those in the Condon bill would provide them in the areas of increased compensation, security benefits and training allowances for new agents, while leaving greater changes to study.

The bill would do some of the things that the companies and agents want and that the department agreed to but it would not go as far as the department agreed to in conferences with the company representatives that led up to the drafting of IX-F. The bill would:

What the Bill Would Do

1. Allow a larger overriding to general agents so they could still pay 55% first year commission and have a 5% overriding. The overriding would be graded, being 3½% on endowments.

2. Training allowances would be provided, though on a somewhat less liberal basis than in IX-F. The latter would make up to about $7½ million a year available. The Condon bill, according to department estimates, would cut the figure to between $7 million and $7.2 million.

3. Introduce a penalty provision that is objectionable because it would permit the superintendent to impose fines for violation that are not subject to court review on matters of fact. They would be reviewable only on questions of law. However, the appelate division could reverse the superintendent if it found that there was not fair preponderance of evidence to support his findings.

4. Provide limited security benefits by interpreting the present law so as to permit part of the service fees payable after the 15th policy year to be brought forward and paid as security benefits. The law permits 3% fees but only 1% could be brought forward.

Relief Provision Extended

5. Extend the 1948 emergency relief provision which expires this year, for four more years. This applies to first-year expenses and increases the $1 per $1,000 in one of the criteria to $1.25.

6. Provide for uniform classification of income and expenses over the entire range of a company's operations, not just in connection with compensation as provided in IX-F. Difference of opinion on this and on the penalty provision were the main reasons the com-

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War Pool Plans Held Up Until Risks Can Be Clearly Defined

The tentative plan for a pooling agreement to cover the war catastrophe hazard for life insurance, drawn up in December by the joint committee on war problems, is being withdrawn pending further observation of the situation, according to Ray D. Murphy, executive vice-president of Equitable Society and chairman of the committee. The committee represents the Life Insurance Assn. and American Life Convention.

When individual company consideration was given to the plan, it was found difficult to arrive at a general agreement due to some of the problems raised, including the uncertainty in the measurement of the risks.

"Another problem was that the plan as drawn up was necessarily only a partial pooling of risk and did not provide a means of meeting all death claims in the event of sweeping atomic bombing," Mr. Murphy commented. "Because of this, it was also felt that there might be some misunderstanding on the part of the public that the atomic hazard was more fully covered than the limitations of the plan would permit. In the public interest, such an interpretation should be avoided. The committee, therefore, decided to withhold any definite plan until conditions became more clearly defined."

Prudential Agents Vote Two to One to End Walkout

By a vote of two to one, 7,900 striking Prudential agents accepted the recommendations of the union negotiating committee and returned to work at 10 a.m. last Wednesday, ending reputedly the longest white-collar strike in the nation's history. The 82-day strike began Dec. 1, last year.

Before becoming effective, the two-year contract signed by the company and union representatives must be ratified by union membership in 35 states. Certain items must also be approved by WSB, and state insurance departments.

The contract provides for: (1) Compensation increases and welfare benefits averaging $5.45 per week, with a cash allowance of $4.50 weekly; (2) Refund of contributions to the retirement plan between Jan. 1, and Nov. 30, last year; (3) Liberalization of vacation and other working conditions; (4) arbitration of grievances, and (5) Permission for agents to engage in Saturday and Sunday outside work under certain circumstances.

The company points out that, under the new program, costs would approximate $4,500,000 annually, the identical amount offered to the union during negotiations last fall.

WSB Approval Required for Raise in Commissions

WASHINGTON—The wage stabilization board has ruled in general wage regulation 20 that a life company can't raise the commission rate for unionized agents without specific approval by WSB.

In acting on such petitions, the board will determine first whether the changes have been previously approved by the appropriate state life insurance regulating agency in states where such approval is required.

SECTION 213 REVISION

Revised IX-F Sets Forth Circles on Pay of General Agents

NEW YORK—Provision for limits on the compensation of general agents is one of the major differences between the latest version of article IX-F, the proposed substitute for present section 213, and the version presented at the Nov. 29-30 hearings of the Condon committee on revision of section 213. The earlier draft provided no specific limit, on the ground that since the law provided none for managers there should be none for general agents either. However, the New York department was insistent that a limit be provided. Following is the text of section 306 in the revised version of article IX-F:

§306. Limitation on commissions, other compensation and security benefits for agency managers.

1. No company shall pay as compensation to an agency manager on any policy or on any annuity contract (a) an overriding commission for the first year of the policy or contract in excess of 5% of the premium or stipulated payment, or (b) overriding commissions for the first two-year period of the policy or contract totaling in excess of 7½% of the premiums or stipulated payments for such period.

2. (a) This subsection shall apply to overriding commissions, other compensation and security benefits for general agents for service as such.

Criteria Set Forth

(b) Except as provided in paragraph (d) of this subsection no company shall pay to general agents in the aggregate for all policy or annuity contract years, commissions or other compensation or provide for security benefits on policies and annuity contracts issued under their supervision during any calendar year having a total commuted value in excess of the following: (1) On premiums and stipulated payments other than single premiums and single stipulated payments, the commuted value of 4% of premiums and stipulated payments payable for the first 15 years of the policy or annuity contract; plus (2) on single premiums and single stipulated payments, 1% thereof; minus (3) amounts paid to general agents for reimbursement of agency expenses of the calendar year, other than reimbursements for expenditures evidenced by vouchers signed by or on behalf of the persons, firms or corporations, other than general agents, to whom payment for such expenditure is made, provided such expenditures fall within one or more of the following categories or such other categories as may be approved by the superintendent: clerical salaries; rent, including light, heat and repairs; postage; stationery, printing and other office supplies; telephone and telegraph; advertising; travel expenses, except for regular daily transportation; cost of general agency meetings which are authorized in advance by the home office; salaries and expenses of supervisors; published life insurance services and magazines; purchases and maintenance of office equipment; taxes other than personal income taxes; trade association dues if advance written authorization is granted by the company; and other miscellaneous office expenses.

Individuals Can Exceed Average

(c) Subject to the aggregate limit in paragraph (b) and except as provided in paragraph (d) of this subsection no company shall pay to a general agent total overriding commissions or other compensation or provide security benefits having a total commuted value in excess of 125% of the amounts defined in items (1) and (2) less 100% of item (3) of paragraph (b) of this subsection, with respect to policies and annuity contracts issued under his supervision during any calendar year.

(d) A company may pay additional compensation to any general agent who has not completed a total of five years of service as agency manager with any company or companies, but such additional compensation may be paid only during the balance of such five years; provided, however, that for the purpose of this paragraph service as agency manager shall not include service as assistant general agent, assistant agency manager, or agency supervisor, or serv-

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Life Companies Expect Practical WSB Approach

Hogg Says Realistic Attitude Correcting Initial Difficulties

Belief that Regulation 19 will work was voiced by Robert L. Hogg, executive vice-president and general counsel of American Life Convention, at the annual group luncheon meeting of the Health & Accident Underwriters Conference. He added that there is a desire at the administrative level to see that it does work. Of course the regulation is not perfect, but given a preference between a perfect regulation with unrealistic administration and an imperfect regulation with practical administration, Mr. Hogg gave the nod to the latter. He indicated belief that the administration by the WSB would be practical.

Mr. Hogg reminded his audience of the life insurance companies' stand that indirect controls, namely, credit restraint, would be the most effective method to beat inflation, whereas the government felt that direct controls, such as controls on wages and prices, were the answer.

"Nonetheless," Mr. Hogg said, "these direct controls were put into effect as part of the government's overall program to combat inflation. Notwithstanding previous differences of opinion between the companies and the government over the type of controls, the companies have vigorously supported the government's inflation control program."

"Gradual Erosion" of Control

Mr. Hogg traced the progression, not only of the separation of the so-called fringe benefits from cash wages for regulation purposes, but also the "gradual erosion" of the general wage control program leading up to increases in wages being keyed to the consumer's price and explained the increasing difficulty to get prompt action from the WSB as being due in part to differences of opinion among board members on the principles wound up in our problems.

"Regulation 19 alone does not give the complete picture," he said. "We get this only by looking at the regulation and Resolution 78 in the light of informal conferences with board representatives and examination of the reporting form."

Mr. Hogg concluded that the board wants the program to be self-administered to the maximum extent and anticipated that before very long, through submissions of individual cases, a very clear pattern of what can and cannot be done will be established.

MAJOR DIFFICULTIES

Major difficulties arise as to hospital expense, surgical expense and medical expense, Mr. Hogg declared. Section 1(b) of the regulation says that there can be provision for partial or complete payment for "hospital room and board charges, for other than private accommodations." Informal discussions with the board indicate that this section will be liberally construed. It will not be

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LEGISLATIVE COMMITTEE HOLDS MEETING ON REVISING N. Y. EXPENSE LIMITS

Bohlinger Refuses to Endorse Companies' Proposed '213' Bill

By ROBERT B. MITCHELL

NEW YORK—Early and dismal was the windup of the section 213 hearings held here by the Condon committee of the New York legislature, which is studying what to do about easing the expense limitations that changing conditions have made unduly restrictive on many companies.

A. J. Bohlinger

Though scheduled to run two days, the hearing concluded by 4 p.m. of the first day, with Superintendent Bohlinger of the New York department as the final witness. His temperate but decisive refusal to support the companies' proposed bill left the company and National Assn. of Life Underwriters representatives with some disturbing question marks staring at them.

Tough Questions to Answer

Would it be possible to get the department's support for the proposed article IX-F without giving up on all the controversial points that had previously seemed worth holding out for? Would it be possible, especially in an election year, to obtain enactment of such an important and far-reaching measure without the department's support? Even if the measure should get through the legislature, what chance would there be that Governor Dewey would let it become law if his superintendent of insurance were against it?

Mr. Bohlinger was clearly not happy in his role of trigger-man, but he was just as clearly determined not to endorse anything he felt to be against the interests of the insuring public. He indicated a willingness to go along with a temporary remedy but opposed adoption of IX-F on a temporary basis.

Sailing Seemed Smooth

Until Mr. Bohlinger's testimony, the companies' bill seemed to have reasonably smooth sailing. James A McLain, president of Guardian Life and chairman of the joint American Life Convention-Life Insurance Assn. committee on section 213 revision, explained to the committee the changes that have been made, mainly at the department's request, in proposed article IX-F since the draft that was presented at the previous hearing Nov. 29-30.

The companies' estimate on the maximum possible increase in cost to the insuring public were given on a more specific and better documented basis than could be provided in the limited time available for answering this question at the previous hearing, and the estimates didn't appear to strike the committee as being unreasonable or likely to have bad political repercussions.

WYMAN ATTACK

Even the bitter attack made by Silas D. Wyman of Boston, president of the Agents Assn. of Equitable Society and former N.A.L.U. trustee, against the proposed bill, the companies and the N.A.L.U. apparently made little impression on the committee.

It was Mr. Bohlinger's calm, deliberate testimony that gave article IX-F's supporters the feeling that the rug was being yanked from under them, although of course they knew before the hearing started that they and Mr. Bohlinger did not see eye to eye on a number of points in article IX-F.

Mr. Bohlinger opened up by pointing out that while section 213 has been criticized as being obscure, complex and unworkable, any statute that has to cover the operations of many companies operating on various bases and still do justice to all insurers is necessarily complex. He said the impression is that the situation could be remedied by a simple statute but that he would question the idea that article IX-F is not complex.

Calls Infirmities Natural

As for 213, since it was enacted in 1929, it is only natural that some infirmities would have developed since that time, he said. For example, security benefits had not assumed their present importance at that time. Today, 35 of the 64 companies licensed in New York have security programs for their agents and the present law doesn't take cognizance of that.

Also, section 213 in its original concept as enacted after the Armstrong investigation, was designed to cover expenses on the theory that there would be a steady but not very sharp increase in business. However, in the last decade, in common with other businesses, life insurance has increased by leaps and bounds and life insurance is now 2½ times the proportions of a decade ago, a large share of this growth having occured since the end of the second world war.

This creates a problem, because the law provides a formula under which certain expense limitations are in dollars and are geared pretty largely to the company's in-force rather than to its new production. When there is a sharp increase a company must draw on its surplus and a company with a small amount of old business has small margins and is likely to be straining against its limits. Mr. Bohlinger emphasized that the situation is much more difficult for a small, new company because older companies have a back-log of business that gives them better limits under the formula.

He pointed out that another problem that is more difficult for the smaller companies than the larger ones is that pressures have developed for higher commissions to agents and brokers, so that the general agent may have to give up his presumed 5% overriding to let the producer have the full 55% limit. The lack of a special allowance for training new agents also hits the smaller companies harder, he said, although the problem is not limited to the smaller companies.

May Not Be Solution

However, Mr. Bohlinger emphasized that whether or not a special training allowance would solve the problem of high termination rates among agents is "pure conjecture," since there are also such factors as selection, training,

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Wyman Attack Enlivens Hearing on Section 213

NEW YORK—The slashing attack made by Silas D. Wyman upon the companies' proposal for changing the New York expense limitation law provided the fire works at an otherwise unspectacular hearing conducted by the Condon committee of the New York legislature.

S. D. Wyman

Mr. Wyman, who is president of the Agents Assn. of Equitable Society and a former trustee of National Assn. of Life Underwriters, made liberal use of terms like "economic serfdom," "indecent spectacle," "confiscated renewals," "involuntary servitude," and "concealment amounting to misrepresentation." However, the committee seemed more interested in facts and figures than in epithets and Senator Friedman of Brooklyn questioned the accuracy of Mr. Wyman's figures, which indicated that agents are poorly paid.

Figures Are Challenged

Mr. Wyman stated that 50% of ordinary agents receive from their companies less than $1,750 annually in commissions, averaging less than $1,000 a year, while another 25% receive amounts ranging from $1,750 to less than $3,500 a year, these figures being on a gross commission basis. However, under questioning by Paul L. Bleakley, the committee counsel, Mr. Wyman conceded that earnings of part-time agents were included in these figures and that there was no way of distinguishing which were part-time and which were full-time nor which agents supplemented their life insurance income with general insurance business or in other ways.

Senator Friedman was particularly insistent on knowing how Mr. Wyman's minimum living standard proposal would affect the public's cost of insurance. Mr. Wyman said that every American is entitled to a living wage and that the cost will find its proper level.

$35 a Week Minimum

Asked what he thought should be a minimum wage, Mr. Wyman said that no company should employ an ordinary agent who gets less in commissions or supplementary income than $35 a week. Mr. Wyman said that it ought to be substantially higher for full-time agents.

Mr. Bleakley asked Mr. Wyman if he had any figures on how many full-time agents are now making less than $35 a week. Mr. Wyman said he hadn't any but that he wished the committee would ask the companies for them.

Mr. Wyman attacked the whole idea of letting the life companies have any part in setting the limits on agents' compensation. He said there is no parallel for such procedure in modern American life and that "it corresponds to calling on the National Assn. of Manufacturers to draft legislation imposing wages for American labor."

He also attacked as discriminatory the limits on agents commissions because there is no such limit on those in other parts of the business.

RATE, NOT AMOUNT

One of the questioners pointed out, however, that the restriction is not on the amount of money an agent can earn but on the rate of compensation. Mr. Wyman was asked about his own in-

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Eye Broad Responsibilities of Business at Saratoga

Speakers Agree on Need of Better Communications with Public

By KENNETH O. FORCE

SARATOGA SPRINGS—The social responsibilties of life insurance were defined and discussed with spirit and intelligence at the annual conference here of the general agents and managers of New York State Assn. of Life Underwriters. It was another brilliant success in the series of meetings which consist in withdrawing from the market place and for two days studying with verve and penetration a fundamental problem of the business.

Starting with the keynote by Clifford B. Reeves, second vice-president of Mutual Life, there was real power and quality in the program, with O. Kelley Anderson, president New England Mutual Life, treating the social impact of investment thinking; Milton J. Goldberg, an actuary on the staff of the agency vice-president of Equitable Society, "Dynamic or Static Actuarial Philosophy?" Charles J. Zimmerman, managing director of L.I.A.M.A., the social effect of marketing philosophy, and Ralph F. Lewis, assistant mangaging editor of Fortune, "Are Our Policyholders Listening?"

Coffin Sums Up

As has been customary, Vincent B. Coffin, senior vice-president Connecticut Mutual Life, provided the enlightening summary. The talks by Messrs. Zimmerman, Coffin and Lewis are treated elsewhere.

Spencer McCarty, Albany, executive secretary of the association, was roundly applauded for his skillful arrangements, and Halsey D. Josephson, Connecticut Mutual, New York City, won the respect of the conference for the broad gauged program, and his handling of the duties of chairman.

One of the most serious problems of public policy facing this and other business is their increasing complexity, Mr. Reeves pointed out. This has resulted in a growing inability to translate business to the public in terms they can understand. Mr. Anderson stated: "In spite of valiant efforts, the use of the life insurance dollar is both misunderstood and unappreciated. As a business, we are credited with unusual power we do not have, and abused for things we do not do or cannot control."

Mr. Reeves noted that in recent years business has grown far more technical and has developed a higher and higher degree of specialization. This has brought more efficient operations, better products and lower costs, but in the process each business has developed a technical jargon of its own, a kind of verbal shorthand. It provides a very efficient and accurate method of communicating with other people in the same business but to people outside it sounds like Greek. Today a man in one business hardly knows what anyone in another business is talking about.

The business has a responsibility to keep its own policyholders better informed than perhaps it has in the past. There is little direct communication between home offices and policyholders. Many companies do not even send an annual report to all policyholders, so their contact with the company at the institutional level is confined largely to receipt of bills for premiums. No one tells them what is happening to their money or how the company is doing. This doesn't build much public understanding, respect or good will.

Mr. Reeves believes a life company should do everything it can to avoid actions that contribute to inflationary pres-

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Marketing Is Losing Headway; Need Broader Distribution

SARATOGA SPRINGS—What social responsibility does the life business have in its marketing? Charles J. Zimmerman, managing director, L.I.A.M.A., explored this subject at the general agents and managers conference of New York State Assn. of Life Underwriters here. Vincent B. Coffin, senior vice-president, Connecticut Mutual Life, the summarizer of the entire conference, added some pertinent comments, and there were several interesting questions.

Mr. Zimmerman does not believe that the marketing function has performed as effectively as it is capable of doing, if it is to meet fully its share of the social responsibility the business has to get its product into the hands of the whole population. It may be, he added, that the present distribution system will undergo modification as time goes on in order to do a more adequate job. In the last 50 years it has undergone considerable modification and still more may be needed.

The business elected to market its product through the agency sytsem, he said, primarily via the fulltime career underwriter. That was a deliberate decision. So the agency system must be judged on the extent to which it serves the whole market and the adequacy of coverage which it delivers.

How does the business measure up to this ideal? The agency system, he said, comes closer to attaining the ideal than any other that is known. The amount of insurance per capita in Canada and the U. S. is testimony to how good a job has been done. Considering all the nations of the world, Canadian and U. S. companies have done the best job. He noted that some Canadian companies do a far better job of marketing in England than English companies. Most of the credit belongs to the agency system. He pointed to examples of efforts to market life insurance in the U. S. without agents; there have been some notable failures.

The agency system, however, is not sacred. Perhaps insurance can be merchandised without it.

What about the sub-marginal worker, the irresponsible individual, the individual dogged by misfortune, people caught badly in a national misfortune like the depression of the 1930s? These are, of course, beyond the control of the business. Yet the generally accepted concept in the U. S. and Canada is that the community must help where misfortune overtakes the individual. It no longer is a question of "if," but "how." The business should realize this, he said. It presents a challenge that calls for the best statesmanship the business can command. To place in the hands of the government the authority to promise complete security gives that government too much power and the liberty of the individual will disappear.

What Progress Is There?

The agency field can be optimistic, as it sometimes is at sales congresses, because of the 86 million policyholders in the U. S., and the accomplished fact of three times as many using life insurance as a thrift method as any other method. Or, it can be pessimistic and look at the potential, which is so much untapped, and the amount of insurance as a low per cent of national income. There is a third approach: Is the agency field making progress? Is it good or bad that 77% of spending units have some insurance? The truth is—the business does not know because it does not

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A. & H. Group Meeting Sets New Attendance Mark

Problems in Field of Big Premiums and Big Losses Are Aired at Chicago

Registration of the annual meeting of the group committee of Health & Accident Underwriters Conference this week at Chicago again set a new record, the total exceeding 350. Interest in group coverages has steadily increased with new companies entering the field, premium income in which is now nearly $1 billion.

The group writing companies are becoming increasingly concerned about their loss ratios. A representative of one of the companies which has written some DBL business in New York and has done some franchise, expressed the opinion after attending the seminar on group of Bureau of A. & H. Underwriters and the conference meeting that perhaps the best move would be to retreat to the storm cellar and lock the door. However, the field, despite its narrowing profit margin, is extremely competitive.

Panel on Hospital, Medical Costs

The spotlight feature of the two day meeting was a panel on hospital and medical costs. This subject, the committee felt, is the one deserving special attention, and the panel session drew a capacity audience of approximately 400.

Participating in the discussions were John W Joanis, Hardware Mutual Casualty, chairman of Health Insurance Council; Richard Jones of the Blue Cross and secretary of Health Service, Inc.; Dr. Paul B. Magnuson, chairman of the President's commission on the health needs of the nation; and Richard Vanderwarker, superintendent of Passavant Memorial Hospital of Chicago.

C. O. Pauley, conference managing director, was moderator. He explained that the panel was an experiment in programming. The aim was to get a thorough discussion of the causes (other than inflation) of rising hospital and medical care costs, and to find some answers, if possible. The speakers had no prepared papers. A number of questions were propounded by Mr. Joanis and were very candidly dealt with by the other panel members.

Mr. Joanis asked about 15 questions. Although he stated that this was practically an extemporaneous affair, it was obvious that considerable thought had gone into his questions and when the meeting was thrown open for questions from the floor, it was evident that he had preempted the field, and had brought forth the points at issue and which are bothering the companies.

Hospital Cost Questions

Mr. Joanis asked Mr. Vanderwarker:

There has been, generally speaking, an increase in hospital costs in the last ten years of 1% a month. If this situation is now leveling off, what is being done to keep costs level or to lower them?

—Are hospital administrators properly allocating charges? Do room and board charges pay their own way, or do "extras" pay for part of the room and board costs?

—What are hospital administrators doing to keep the doctors from putting patients in the hospital simply because

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Public Pressure Drives More Into C.L.U., Spero Says

Stoking This Pressure Endangers Unity Among Agents — Osler

As time goes on, there will be more and more pressure on non-C.L.U.s to qualify, Carl Spero, national C.L.U. president, told members of the Indianapolis General Agents & Managers Association.

"Query," the C.L.U. Society's direct-mail publication, is already going to 70,000 people a month, making them conscious of the C.L.U. designation, he said. The "reprint mailing" plan under which a local chapter sends reprints of journal articles to the public with a list of local C.L.U. members enclosed will cause many prospects and centers of influence to say to non-members, "I don't see your name on this list," Mr. Spero declared.

To date, he declared, C.L.U. has been an ultimate goal; soon it may become a standard for all agents. The emphasis of the past on production, "the desire of a president to be the president of a bigger company," has resulted in an inferior grade of advice and service being offered the public, according to Mr. Spero; but from now on, the public is going to demand better-qualified agents.

When what he called "the old guard" of field management dies, Mr. Spero predicted the ranks of general agents and managers will be filled with C.L.U.s. Many companies, he reported, are already making C.L.U. a qualification for managerial promotions.

There is a measurable dollar value to C.L.U., according to Mr. Spero. He declared that there is virtually no turnover among C.L.U.s, that while they make up 5% of N.A.L.U., they account for 38% of M.D.R.T., and the persistency of a C.L.U.'s business is above that of the industry. The society is now engaged in a study of the earnings of C.L.U.s compared to earnings of non-members, he reported.

DIFFERENT VIEW

"Every industry-wide honor club and designation-granting group in the life insurance business should beware of any publicity which implies that its members are more qualified to serve the public than are non-members," R. W. Osler, Rough Notes, Indianapolis, told members of the Flint (Mich.) Assn. of Life Underwriters.

"Attempts to publicize the entire membership roles of leaders clubs, C.L.U., and other such organizations with the implication to the buying public that only agents holding membership or designation are qualified life underwriters are exceedingly dangerous to unity among agents at a time when we need to work together more than ever before," the speaker charged.

"Making such lists public by advertising or direct mail may be done with innocent intention as far as creating dissension among agents goes," Mr. Osler declared. "Members get together and say to each other, 'What are we doing to capitalize on membership?' and decide to send a roster to all attorneys in town, all trust officers, or even to the public at large.

Non-Member Resentment

"Since names of these honor groups are usually chosen to imply a special quality of underwriting skill, there is an implied reflection on the ability of those who do not possess them. Non-members seriously, and often rightfully, resent the implication.

"It takes only one instance of a prospect pulling out such a list and asking an agent, 'How come you aren't a member of this group?' to create resentment among non-members. The usual result is not that the challenged agent hurries to qualify for the group, as members often hope, but that in self-defense he criticizes it, its membership rules, and even the caliber of its members. Thus a bad public relations situation is created and division in the ranks of agents arises," Mr. Osler concluded.

President With Home Life 35 Years

New York manager Clarence Oshin is shown presenting William J. Cameron, president of Home Life, a silver desk clock on Mr. Cameron's 35th anniversary with the company. To the right of Mr. Cameron is William P. Worthington, executive vice-president. Others in the picture are, from the left, Home Life managers from the metropolitan New York area: Harold A. Loewenheim, John H. Evans, Lester Horton, Raymond C. Ellis and Donald M. Munn.

In a speech of tribute, Mr. Worthington said it was the first time in the 92-year history of the company that a president had celebrated his 35th year. Mr. Oshin praised Mr. Cameron for the direction and inspiration he has provided the company since 1917.

Mr. Cameron started in the actuarial department, being appointed assistant actuary in 1919 and actuary four years later. He had become vice-president and actuary in 1928, in 1930 a director, and in 1942 vice-president, being elected president soon afterward.

Records Show Companies Raced Inflation in 1951

FRANKLIN LIFE

Franklin Life's year was the greatest year in history with a net increase of $205,352,982 in outstanding insurance, a 22.1% gain, exceeding by more than $50 million the greatest previous year. Insurance in force reached $1,135,385,687. Net business amounted to $291,492,542. Assets reached $193,488,943, a gain of $25,903,266. Surplus was increased by $2 million to $12 million, excluding the special reserve for contingencies. Premium income for the year amounted to $40,827,516. Benefits paid totaled $9,874,100 while total disbursements aggregated $25,685,775.

HOME LIFE, NEW YORK

Home Life production records for both ordinary and group fell during 1951. Total of new business sold was $129,287,847, consisting of $113,738,347 of ordinary and $15,549,500 of group. Ordinary rose 4% over the 1950 total, the previous company peak, and group insurance gained $10,836,500 in the second full year in this field. Insurance in force totaled $994,198,061, of which $30,023,217 was group life. Net increase in force was 9%. In force has increased 52% in the last five years and more than doubled in the past 10 years.

There was $18,355,186 credited to policyholders and beneficiaries during 1951. Assets were $253,050,074, an increase of 6%. Surplus and investment contingency fund reserves increased from $13,237,398 to $14,079,293. Net interest on assets before deducting federal income taxes was 3.3% as compared to the 1950 rate of 3.15%. The size of the Home Life field organization increased 10% during the year.

JOHN HANCOCK MUTUAL

Insurance in force for John Hancock rose 8.6% during 1951 to $12,390,254,289. New business in 1951, excluding revivals and increases, totaled $1,561,090,930, which compares to new business in 1950 of $1,480,579,767. Assets increased by 9.5% to $3,240,065,173. Premium income was $482,456,900. Total income rose 9.7% to $591,203,395. Amounts paid to or set aside for policyholders and beneficiaries rose 9.5% to $495,881,785. The average net rate of interest earned rose from 3% in 1950 to 3.08% at the end of 1951.

NORTHWESTERN, SEATTLE

Northwestern Life of Seattle insurance in force rose to $29,614,939. Written and paid for life business in 1951 exceeded 1950 by 21%. Disability sales topped 1950 by 101%. New life premiums were up 26% and A. & H. premiums were up 224%. Assets increased 11.3% to $3,562,084. Net premium income was $1,349,781. Benefits paid to policyholders under all policies totaled $490,986 and benefits paid to beneficiaries were $101,954. The net interest earned was 3.29%, an increase of .3% over 1950.

STATE MUTUAL LIFE

The individual life sales total for State Mutual Life in 1951 was $117,776,888, the greatest in company history. Premium income of $44,726,738, and total income of $56,727,745 both reached new highs. Group sales amounted to $176,201,768, slightly less than last year. Individual life insurance in force totaled $1,153,169,694. Combined with group the in force figure is more than $1,750,000,000.

Assets increased $29,915,525 to a total of $411,490,620. Net interest earned before federal taxes was 3.35% compared to 3.27% in 1950. Payments to policyholders and beneficiaries, including death claims of $10,787,220, amounted to $24,599,519, nearly $3 million more than last year. There was $20,743,730 added to policyholders' reserves with the reserve total now exceeding $300 million. There was $1,667,819 added to surplus. Surplus amounted to $16,889,644.

TRAVELERS

Life insurance in force in Travelers rose to $11,387,000,000, consisting of $7,452,000,000 in group insurance and $3,934,000,000 in the non-group categories. Life insurance claims paid during the year exceeded $314 million. Combined assets of the Travelers companies at the end of the year amounted to $2,284,247,000, an increase of $128,305,000 over the 1950 figure. The total income exceeded $600 million for the first time in history. Premium income of all the Travelers companies on a written basis was $543,963,000, an increase of $76,847,000.

Total premiums for 1951 were $396,236,000, an increase of $56,563,000. The net rate of interest on investments in the life department was 3.21% prior to federal income taxes and the Connecticut state tax. This figure compared with 3.1% in 1950 and 3.07% in 1949.

Figures from Companies' Year-End Statements Shown

	Total Assets	Increase in Assets	Surplus to Policy-holders	New Bus. 1951	Ins. in Force Dec. 31, 1951	Increase in Ins. in Force*	Prem. Income 1951	Benefits Paid 1951	Total Disburs. 1951
	$	$	$	$	$	$	$	$	$
Acacia	243,528,598	17,340,975	8,292,504	125,420,493	1,129,408,554	68,622,371[1]	27,994,604	13,122,349	25,283,964
Bankers Natl.	37,253,216	4,039,509	2,621,528	31,616,697	190,461,818	17,568,208[2]	5,714,224	2,060,765	4,361,111
Conn. General	939,384,593	96,429,303	71,903,979	514,017,490	4,210,436,083	618,985,092[3]	155,783,858	77,029,039	114,342,592
Conn. Mutual	888,351,140	51,151,718	60,850,655	257,446,165	2,273,170,774	161,474,698	78,770,972	48,895,427	87,697,139
Equitable, Canada	23,883,327	1,417,544	2,679,731	10,023,997	84,805,970	5,727,039[4]	1,741,514	1,108,629	2,179,963
Excelsior, Canada	57,692,545	4,061,720	1,612,589	40,157,069	292,465,435	24,093,418	7,754,053	3,419,060	6,150,992
Farmers & Bankers	31,370,700	2,328,013	3,286,063	9,243,853	115,221,049	2,948,868	3,290,041	1,185,846	2,770,195
Franklin Life	193,488,943	25,903,266	12,000,000	291,492,542	1,135,385,687	205,352,982	40,827,516	9,874,100	25,685,775
Home Life, N. Y.	253,050,074	14,693,506	14,079,293	129,287,847	994,198,061	83,114,196[5]	25,634,470	13,851,417	27,295,883
Home Security	20,623,252	2,191,281	2,795,827	35,684,736	141,323,036	10,024,764[6]	4,908,271	999,165	3,437,151
Indianapolis Life	71,757,375	4,916,742	5,264,577	29,598,159	258,379,161	15,612,702	7,396,776	3,357,680	7,068,218
John Hancock	3,240,065,173	280,122,191	284,453,754	1,561,090,930	12,390,254,289	978,736,282[7]	482,456,900	236,264,478	364,661,719
Midland Mutual	71,433,510	3,898,834	5,575,427	21,830,182	224,718,709	11,069,080	6,422,947	3,489,424	6,318,941
Mutual, Canada	387,860,601	22,227,897	23,118,817	133,762,542	1,268,542,113	99,864,170[8]	36,513,419	23,160,007	38,629,959
Natl. Guardian	31,209,476	2,527,441	2,139,002	16,918,627	131,147,791	10,153,622	3,707,863	1,392,039	2,762,412
Paul Revere	69,622,300	6,864,194	16,700,459	40,031,504	261,143,340	22,655,712[9]	19,140,794	7,561,389	16,064,733
Penn Mutual	1,344,779,291	45,172,684	70,472,829	273,839,601	3,045,382,545	124,875,736	87,782,194	68,533,857	123,642,840
Philadelphia Life	29,026,621	2,781,072	1,889,656	33,887,318	162,063,687	21,782,095	3,996,851	1,484,946	3,167,024
Provident L. & A.	69,399,142	7,802,641	23,977,907	188,765,558	889,277,774	124,253,208	44,917,179	29,317,958	40,522,004
Provident Mut.	673,339,131	23,111,374	38,152,180	113,582,880	1,447,566,452	48,966,458	42,035,190	35,974,736	62,590,144
Republic Natl.	54,704,574	2,867,170	1,339,143	79,296,450	359,087,816	48,718,216	9,578,479	5,858,339	9,726,676
Standard, Ore.	46,581,436	3,177,764	4,012,654	23,029,618	162,165,117	14,839,559[10]	5,023,937	2,514,529	4,557,225
Union Natl.	16,626,822	3,082,272	1,393,372	22,551,223	122,113,334	13,613,021	4,186,026	437,583	1,665,237
West Coast Life	52,007,674	3,249,398	3,870,624	35,639,935	278,666,242	23,262,406[11]	7,664,460	4,298,227	9,434,895

*In column six, the superior numbers denote net increases in group life insurance due to normal addition of employes to groups and employes becoming entitled to additional insurance. The respective increases are [1]$58,117; [2]$149,200; [3]$245,697,363; [4]$52,900; [5]$2,201,986; [6]$13,000; [7]$36,786,808; [8]$6,210,268; [9]$229,750; [10]$116,200; [11]$14,435,868.

Launch Pilot Hospital Admissions Plan for Individual Policyholders

All member companies of Health & Accident Underwriters Conference with policyholders in the area have been asked to participate in a pilot hospital admissions plan for individual policyholders to be launched soon in a mid-western city. The request was made by James E. Powell, vice-president of Provident L. & A. during the hospital-medical session of the conference at Chicago. Mr. Powell asked that those member companies without policyholders in the pilot city indicate a willingness to adopt similar programs in their areas if this pilot program proves successful. A hospital admissions plan for individual policyholders has been operating at Birmingham where individual policyholders are being admitted under the same hospital admissions agreements as group policyholders, Mr. Powell said. He indicated that the companies are enthusiastic about the Birmingham program, but further experimental study is indicated.

Mr. Powell termed it vital that the companies attempt to do something in this direction. He said that agents and company men alike have become painfully aware of the poor effect on the individual policyholder who must make a substantial payment before he is admitted to the hospital when he sees his friends and neighbors group-insured perhaps in his same company or under Blue Cross admitted without question and spared the necessity of extra claims procedure now required in individual hospital cases. He admitted that there will be bugs in the pilot program, but he was certain that they could be worked out. He said that a vacuum exists in the region today that must be filled by the companies if possible.

In impromptu remarks, Robert H. Rydman, assistant general counsel of the conference, commented on the partial results of a hosptalization survey being carried on by the group. Among the interesting points developed has been comparison between companies in the hospital field today and 10 years ago. Out of the 78 companies that have answered the survey only 38 were in the hospital business in 1941. The average daily room benefit of these companies in 1941 was $4.45 whereas the average today is $7.42, the most popular plans seem to be $8 and the average high plan amounts to $12.50 today. Mr. Rydman said that the conference desires to have 100 companies reply to the questionnaire.

Mr. Rydman reported that 16 states have approved the policy provisions law. He brought out that New York will not approve the law until exceptions are put in bold face type whereas Maryland would refuse to approve any policy with the exceptions printed in bold face. Mr. Rydman commented that where there is a conflict the policy provisions law takes precedence over the official guide. Questions from the floor led him to agree with the questioner that a fourth edition of the official guide may have to be put together as a result.

Wetterlund on Claim Philosophy

R. J. Wetterlund, president and general counsel of Washington National said that a company is known to other companies, to producers and to the public by its claim philosophy. The companies have done far too little to develop any kind of a coherent and liberal claim philosophy with which they can set about to inculcate their claim personnel. He termed it the function of top management to make it known to the claim personnel what the policy of the company is and that the policy is an honorable one. For a company to have a poor, inequitable and inefficient claim operation means that the company will have a difficult time recruiting new agents and selling new policyholders, he said. He commented that the largest portion of the premium dollar goes into claim payments and it is highly important in a company that claims activities take precedence or at least are granted equality with other activities.

FEDERAL THREAT

In his opening remarks, Jarvis Farley, Massachusetts Indemnity, conference president, commented that at the 1949 meeting, one of the main topics was the proposal of the government to establish a vast compulsory federal plan to provide hospital and medical care insurance. That proposal has now been shelved, at least temporarily, in favor of one to establish a more limited plan for hospitalization of older people.

Mr. Farley said that the shelving of the more ambitious government scheme may have been in some important measure due to the progress of the companies in providing good hospital and medical insurance by voluntary methods.

W. C. Murphy, vice-president of American Hospital & Life, talking on hospitalization insurance for over-age risks, said this is a coverage for which there is a demonstrated need.

From five viewpoints, the companies have reason to write over-age hospitalization, Mr. Murphy said, mentioning the recent proposal of Oscar Ewing of the federal security administration to have the government supply free hospitalization to persons over 65; the need for a policy for which group policyholders of companies granting conversion privileges may apply; the advancing age of policyholders insured at young ages must be considered, since many of those persons insured 15 or 20 years ago are now reaching age limits on most policies; the need of new fields for solicitation by the agents, and the need for new business by the companies.

Suggests Profitable Operation

The business probably could be written at a profit, Mr. Murphy said, suggesting that premium rates be kept low and coverage limited so as to attract the buyer.

He said that the hospital committee questioned four of the large writers of over-age hospitalization, indicating that it is standard practice to decrease the benefits somewhat. For those policies issued over age 60 there is also an increase in the premium.

Paul H. Schultz, assistant secretary of National Masonic Provident, talked on "Necessary Exclusions in Medical and Surgical Expense Policies." He gave his impressions as to what the exclusions should be in surgical and medical policies, mentioning among other things an insuring clause that would eliminate pre-existing conditions and "congenital defects or pre-existing deformities."

Oral Surgery Possibilities

Possibilities of insuring oral surgery performed by dentists were discussed by Lambert G. Schulze, agency assistant of Provident L. & A., who explained that the dentists themselves in some areas are quite anxious to be included in insurance plans.

Dentists were warned at their annual meeting against a growing movement to cover them under the social security act, Mr. Schulze said, and the American Dental Assn. president recommended that the group go on record favoring the inclusion of dental surgery in Blue Shield plans. "We may well say that is fine—let them do it, we don't want to," Mr. Schulze declared, noting this is "about the same thing we said about hospital insurance some 15 or 20 years ago. I believe the insurance industry has a responsibility to make a comprehensive study of this, with the hope of arriving at a solution which will be in the form of actually writing a realistic measure of insurance procedures for oral surgery, at least."

Blue Cross and Blue Shield are studying the problem, he added, commenting that it would be better for the insurers to come forth with something on their own rather than be forced competitively to follow others.

Kesmodel Directs Eastern Ad Meet

Harvey L. Kesmodel, Jr., sales promotion manager of Sun Life of Maryland, has been designated chairman of the eastern round table meeting of Life Insurance Advertisers Assn. to be held at the St. Moritz hotel in New York City, March 27-28. The theme of the meeting is "The Life Advertiser and His Job." Mr. Kesmodel has been with Sun Life since 1929 and active in L.A.A. since its inception, having been editor of the L.A.A. magazine, a member of the executive committee, chairman of the arrangements committee for the 1948 annual meeting, chairman of the eastern round table registration committee and treasurer of the organization.

H. L. Kesmodel, Jr.

Members of the eastern round table committee include Seneca M. Gamble, Massachusetts Mutual; Frederick J. Kiefner, Provident Mutual; Robert M. MacGregor, Phoenix Mutual; Miss Sid Shaul, Colonial Life; Norman T. Sheppard, Manufacturers Life; Paul Troth, New York Life, and William S. Weier, Prudential.

Consumer Credit Insurers Set Annual Meeting Date

The annual meeting of Consumer Credit Insurance Assn. will be held at Hot Springs, Va., May 30-June 1. Cecil Woods, president of Volunteer State Life, is president.

The association, whose members write life and disability coverage on persons who borrow money or buy on installments, will mark the first anniversary of its formation at this convention. The program will include talks by authorities in the field of consumer credit insurance and a series of panel discussions on insurance operations, in addition to business sessions.

GENERAL AGENTS' ASSOCIATION
of the
POSTAL LIFE INSURANCE COMPANY
Granite Building, Rochester, N.Y.
• JAMES H. HAMILL, C.L.U., President

Mr. Roy A. Foan, Vice President & Director of Agencies
Postal Life Insurance Company
511 Fifth Avenue, New York 17, N. Y.

Dear Roy:

In appreciation of your keen insight and warm understanding of the Fieldman's problems, and in recognition of your outstanding accomplishment in building the Postal Life Agency Force, we of the Postal Life General Agents' Association unanimously and whole-heartedly subscribe this testimonial advertisement to you.

Under your progressive and experienced guidance, the entire Agency Force has made great strides forward. As reported in the trade press, Postal's 1951 new paid-for business tripled that of the year 1949.

With your leadership, we look forward to the future with confidence and enthusiasm.

Sincerely and affectionately yours,

JAMES H. HAMILL, President

MILTON ALTSCHUL, C.L.U.
New York City

FRANCIS J. CAHIR, JR.
White Plains, N. Y.

A. M. CIVIN, C.L.U.
Buffalo, N. Y.

HAROLD DeMIAN
Forest Hills, N. Y.

KENNETH F. McCANN
Eastern States Agcy.,
Stamford, Conn.

SAMUEL RABKIN
Lewis Weisberg, Inc.
Albany, N. Y.

EDWIN J. FEY
Syracuse, N. Y.

HARRY GOLDSTEIN
Hartford, Conn.

GEORGE B. GREENBERG
New Haven, Conn.

JAMES H. HAMILL, C.L.U.
Hamill Assoc., Inc.,
Rochester, N. Y.

JOHN J. LAMULA &
ELI S. FREUNDLICH
New York City

ARTHUR MILTON
New York City

JOHN O. MURTAUGH
Elmira, N. Y.

ALEXANDER ROTENBERG
Namco Agency, Inc.
New York City

MAX H. RHULEN
Monticello, N. Y.

GEORGE ROSS
Middletown, N. Y.

ALVIN WOLFF
New York City

More M.D.R.T. Applications; Annual Promises Sell-Out

Applications for membership to the 1952 Million Dollar Round Table are continuing to be recorded at a greater rate than a year ago, according to Walter N. Hiller, Penn Mutual Life, Chicago, chairman of M.D.R.T. Applicants have been directed to submit their applications no later than midnight, March 15.

Walter N. Hiller

The preliminary postcard poll conducted by Mr. Hiller indicates that the June 13 meeting at Bretton Woods, N. H., will be a sell-out. Reservations for the meeting will be accepted after all members have been notified of qualification.

The following qualifiers supplement the list of 159 published last month, and bring the total to 500 through Feb. 14:

Qualifying, First Time

Richard G. Ainslie, Minnesota Mutual, Los Angeles; Williemett Andrus, Southwestern, San Antonio; Sadao Asato, Sun of Canada, Honolulu.

Glenn R. Baker, Equitable of Iowa, San Jose, Cal.; Richard M. Baker, Mutual Benefit, Los Angeles; Harry Beube, Great-West, Hamilton, Ont.; M. O. Bickel, American National, Galveston, Tex.; Harry "Ed" Biggs, Jr., Business Men's Assurance, Portland, Ore.; James C. Bradford, New York Life, Battle Creek, Neb.; Edward E. Brown, Jr., Penn Mutual, Chattanooga.

William G. Chatham, Business Men's Assurance, Drain, Ore.; Robert K. Clark, New England Mutual, Cleveland; Howard J. Crofts, London Life, Toronto; Joseph Cusher, Mutual Benefit, Cincinnati.

Fraser Deacon, Canada Life, Toronto; Ray W. Druckenmiller, Provident Mutual, Allentown, Pa.

Jules Ehrman, Reliance, Pittsburgh.

Daniel L. Feingold, Sun of Canada, Kansas City.

Shelley S. Goren, Mutual Life, New York City, Lloyd A. Groth, Penn Mutual, Bethlehem, Pa.

Gregory Rohdes Hagan, Penn Mutual, St. Paul; William E. Horn, Business Men's Assurance, Portland, Ore.

Jack Isaacson, Metropolitan, Chicago.

Charles F. Klefeker, Connecticut Mutual, Newark; Seymour H. Kopelman, Home of New York, New York City.

Paul E. Lachance, Prudential Assurance, Quebec City, Quebec; Harris L. Landon, Southwestern, Amarillo, Tex.; Glenn D. Lanham, Lincoln National, Canton, O.; Robert C. Lauer, Mutual Benefit, Cincinnati; Moe Leiter, Dominion Life, Detroit; Harry Levey, Manhattan, Beverly Hills, Cal.; Theodore B. Longenecker, Penn Mutual, Des Moines.

Hal S. McIntyre, Northwestern Mutual, Minneapolis; Douglas McLain, Northwestern Mutual, Springfield, Ill.; William A. Menke, Jr., Franklin, San Diego; G. William Merritt, Mutual Life, Fairbanks, Alaska; S. Russell Mickle, Connecticut Mutual, Charlotte, N. C.; Robert M. Morris, Prudential, Los Angeles.

Donald C. Newton, Connecticut Mutual, Syracuse, N. Y.

Frank O'Donnell, Independent, Philadelphia; Heinrick C. Orth, Penn Mutual, New York City.

Arnold L. Panella, Penn Mutual, Daly City, Cal.; A. Carlton Park, London Life, Hamilton, Ont.; Bruce Parker, California-Western States, San Antonio; Joseph Pellicane, Massachusetts Mutual, New York City; William A. Post, Connecticut General, Detroit; Russell L. Powell, Northwestern Mutual, Philadelphia; John P. Propis, Northwestern Mutual, Buffalo, N. Y.

Charles L. Quinn, Connecticut General, Boston.

George Y. Ragsdale, Union Central, Raleigh, N. C.; Elmer S. Rosenthal, General American, St. Louis; Chester Russell, Canada Life, Toronto.

Robert O. Segal, Mutual Benefit, New York City; Carl Spiro, Mutual Benefit, New York City; Mrs. Sophie L. Sproule, American National, Galveston, Tex.; Robert H. Stedman, Jr., Connecticut Mutual, Charlotte, N. C.; Walter F. Szwed, Acacia Mutual, Detroit.

James A. Thompson, New England Mutual, Seattle; Homer E. Turner, Continental American, Aberdeen, Md.; Forbes S. Tuttle, Massachusetts Mutual, Syracuse, N. Y.

Harold Van Every, Bankers of Iowa, Minneapolis; Vincent R. Vassallo, American National, Galveston, Tex.

Ernest Watkins, Independent, San Francisco; Lester A. Wilbert, Northwestern Mutual, Milwaukee; Sam Wolfe, Franklin, Los Angeles; Jack Wolff, Southwestern, Houston; Harry E. Workman, New England Mutual, Cleveland.

Life and Qualifying, First Time

David W. Ashley, Northwestern National, Fort Worth.

Emmett C. Barr, New York Life, Chicago; William George Booker, Crown Life, Maracaibo, Venezuela; Edwin R. Brock, Penn Mutual, Des Moines.

Charles W. DeGryse, Northwestern Mutual, Chicago.

Edward Felsenthal, New England Mutual, Memphis.

Russel G. Gohn, Philadelphia Life, York, Pa.

Herchel E. Henry, New York Life, Columbus, O.; Hubert N. Hoffman, New York Life, Arlington, Va.

J. Beryl Kemp, John Hancock, Chattanooga; Clayton T. Knox, Mutual Life, Buffalo, N. Y.

Louis C. McGann, National Guardian, Madison, Wis.; Louis Matusoff, Kansas City Life, Dayton, O.; Leroy C. Mumme, Jefferson Standard, San Antonio.

Edward W. O'Shaughnessy, Equitable, Chicago.

Frank W. Purdy, Travelers, Seattle.

Bert G. Ripley, Jr., Southwestern Life, Wichita Falls, Tex.

Donald H. Waterhouse, Mutual Benefit, Boston; L. Joshua Weiner, Canada Life, Newark.

Life and Qualifying, Repeating

David Adelman, Mutual Benefit, New York City; Robert S. Albritton, Provident Mutual, Los Angeles; Lawrence E. Andersen, Equitable, Pasadena, Cal.; Daniel Auslander, Massachusetts Mutual, New York City.

E. H. Bachschmid, Jefferson Standard, Arlington, Va.; Harry J. Baker, Bankers National, Boston; Samuel M. Barg, Independent, New York City; G. Nolan Bearden, New England Mutual, Los Angeles; Charles S. Beck, Northwestern Mutual, Toledo, O.; Sanford M. Bernbaum, Penn Mutual, Seattle; Robert C. Bradley, New York Life, Columbus, O.; Howard R. Brewster, New England Mutual, Providence, R. I.; John E. Bromley, Massachusetts Mutual, Battle Creek, Mich.; Robert W. Brooks, New England Mutual, Erie, Pa.; John Welburn Brown, Mutual Benefit, Louisville; T. James Brownlee, Equitable, St. Louis; H. R. Buckman, Old Line Life, Milwaukee.

Frank J. Campbell, Jr., Connecticut General, Philadelphia; Quan Lun Ching, Prudential, Honolulu; Erle L. Collins, New York Life, San Francisco; Paul W. Cook, Mutual Benefit, Chicago; Harold M. Covert, Jr., Mutual Benefit, Allentown, Pa.; J. Welldon Currie, New England Mutual, Miami, Fla.

Robert A. Davies, New York Life, San Francisco; Daniel E. Dean, Equitable, Philadelphia; Victor Deitch, Sun of Canada, Indianapolis; R. Braddock Dinsmore, Provident Mutual, Princeton, N. J.; R. W. Dozier, Massachusetts Mutual, Oklahoma City; Merton Durant, Canada Life, Toronto.

William T. Earls, Mutual Benefit, Cin-

(CONTINUED ON PAGE 23)

"Huebner Class" Swells Enrollment for C.L.U. Classes

Registration for C.L.U. classes is up 59% over last year, according to Dean Davis W. Gregg of American College, who attributes much of the increased enrollment to the desire of agent-students to become members of the "Huebner class." The class will consist of all agents registering with the college for the first time who will take examinations in June.

C.L.U. candidates enrolled in September will also become members of the Huebner class. Dean Gregg pointed out that there are many more agents who can still qualify for the class. He added that, primarily, these agents would be recent college graduates, who in the three months remaining could review and prepare themselves for one or more examinations.

Dr. S. S. Huebner of the University of Pennsylvania, one of the founders and current president of American College, will complete 48 years of teaching and 25 years with C.L.U. this year.

Massachusetts Court Backs Aetna in Tax Case Dispute

The full bench of the Massachusetts supreme court has overruled the appeal of state Tax Commissioner Henry F. Long that would have prevented Aetna Life from collecting a rebate of $10,702 on excise taxes paid in 1947 on annuity and life premiums.

The company paid $88,668 in taxes, but the tax board has ruled it was liable for only $77,965.68.

Davis St. Louis Appointee

R. E. Davis, new St. Louis general agent for Equitable Life of Iowa, has taken charge of an agency which has been in operation there for 50 years. Mr. Davis was formerly associate general agent at Chicago for Connecticut Mutual. Mr. Davis was decorated for his activities as an infantry captain in the battle of the bulge. He has been in the life insurance business at Chicago since his discharge from active service.

R. E. Davis

RR Bill Is Watched

Bills with strong backing have been introduced in both houses of Congress that would increase by 50% the cash sickness benefits provided under the railroad unemployment compensation law. This law has sickness benefits similar to the Rhode Island monopolistic plan. The new proposal is a serious threat, as railroads have about 1½ million employes. Many are sufficiently well paid so that it has been possible to sell them A. & H. supplementing their compulsory coverage. A 50% boost in benefits would cut severely into this market.

Va. Code Bills Pass House

The bills recodifying Virginia insurance laws have passed the lower house.

Occidental's Conventions Set

Occidental Life of California will hold its western regional convention at San Francisco, March 9-12 and the eastern regional at Cincinnati March 16-19.

Members of the Top Producers Club from the U. S., Canada, Hawaii, and the Philippines who qualify will meet at White Sulphur Springs March 23-26. Qualification is based on sales records for the past 18 months.

106th. Annual Report

STATE MUTUAL

Highlights of 1951

PROTECTION 1620
STATE MUTUAL LIFE ASSURANCE CO
OF WORCESTER MASS.
INCORPORATED 1844
PROTECTION TO-DAY

NEW INSURANCE WRITTEN IN 1951

Individual Life	$117,776,888
Group Life	41,017,718
Group Casualty	134,457,800

INSURANCE IN FORCE DECEMBER 31, 1951

Individual Life	$1,153,169,694
Group Life	238,312,613
Group Casualty	377,196,100

GAINS IN INSURANCE IN FORCE

Individual Life	6.31%
Group Life	21.44%
Group Casualty	30.43%

TOTAL ASSETS

1950	$381,575,095
1951	411,490,620

NET INTEREST EARNED

1950	3.27%
1951	3.35%

(Before Federal Income Tax)

TOTAL PREMIUM INCOME

1950	$40,082,519
1951	44,726,738

INCREASE IN POLICYHOLDERS' RESERVES

$20,743,730

AMOUNTS PAID TO POLICYHOLDERS AND BENEFICIARIES

1950	$21,716,534
1951	24,599,519
Since organization	553,736,017

★ *Balance Sheet as of December 31, 1951* ★

ASSETS

Cash on hand and on Deposit in Banks	$ 4,803,574
United States Government Bonds	64,551,312
All other bonds	122,135,880
Stocks	9,723,099
Mortgages on Real Estate	177,154,865
Real Estate including Home Office	7,137,123
Loans on Policies	15,507,684
Interest and Rents Accrued and Due	2,663,423
Net Uncollected and Deferred Premiums	7,391,276
Miscellaneous	422,384
Total	$411,490,620

LIABILITIES

Reserves to meet future contract obligations	$313,300,971
Dividend accumulations and policy proceeds payable in installments	60,687,038
Premiums paid in advance	6,030,252
Policy claims in process of settlement and estimate of claims not yet reported	2,169,081
Policyholders' dividends declared but not yet payable	5,190,260
Deposits by mortgagors to pay future taxes	464,387
Taxes and Expenses accrued	1,828,533
All other liabilities	990,987
Reserve for future changes in market value of investments	3,939,467
Surplus (Reserve for Contingencies)	16,889,644
Total	$411,490,620

STATE·MUTUAL·LIFE
Assurance Company
OF WORCESTER, MASSACHUSETTS

Look for Practical WSB Approach

(CONTINUED FROM PAGE 1)

construed to mean that a plan providing cash payment of a fixed per diem amount cannot qualify for 30-day automatic approval so long as the benefit amount in dollars and cents equates the cost of a semi-private room. Upon a showing of what the cost of semi-private care actually is in the particular locality of the contract's operation the board will apply the 30-day procedure where the amount stated in the plan approximates the prevailing local charge. The board is not concerned over the possibility that an employe may become hospitalized in some other locality where the semi-private rate is substantially lower. Compliance can be certified even though the benefit is in the form of a stated dollar and cents amount, instead of reimbursement for semi-private care. The dollar benefit, however, must approximate the cost of semi-private accommodations in the particular locality. In such case certification should be supported by some showing of existing local cost of the semi-private care.

The regulation also authorizes partial or complete reimbursement for extras or miscellaneous charges such as laboratory, x-ray examinations, drugs, and medicines, use of operating rooms but says that the plan must not contain any feature listed among the review criteria set forth in accompanying Resolution 78. The resolution then lists as disqualifying or unusual types of benefits "special nursing; full payment of private room; blood plasma; treatment of tuberculosis, nervous or mental cases for a period in excess of 30 days for each confinement; rest cures."

Many plans grant these so-called unusual benefits in one way or another, Mr. Hogg declared. Literally this would mean that if a plan covered these benefits in any way, then the plan did not have the benefit of the 30-day automatic approval status. Informal discussions with the board buttressed by the reporting forms again show a more liberal construction. A 30-day plan can cover these unusual benefits so long as they are not specifically mentioned. They can be covered as extras or miscellaneous. As an administrative procedure, however, the staff will examine the possible cost of the benefits coming under extras or miscellaneous charges.

If the total exceeds 50 times the primary daily rate, the plan may be referred to the tripartite board for consideration. This 50 times factor does not in any way prevent certification by the employer. The Resolution 78 factors must be specifically itemized in the plan in order to disqualify. The dollar hospital room benefit must exceed local semi-private costs in order to disqualify.

For surgical benefits the criteria for automatic 30-day approval are: (a) a fee schedule not in excess of the appropriate veterans administration prepayment surgical schedule or the standard $200 commercial insurance schedule, (b) a fee schedule in which there are no unusual allowances for specific procedures exceeding "by a significant amount" a corresponding fee in the veterans administration prepayment surgical plan or the standard $200 commercial fee schedule, (c) any unusual type of benefits such as dental; plastic surgery for cosmetic beautifying purposes; major surgery.

Obviously there is a great deal of discretion about certification, Mr. Hogg commented. It is easy to determine whether a fee schedule complies with the veterans administration prepayment surgical plan. Whether a schedule is a standard $200 commercial schedule is easy to decide. Similarly it is a matter of judgment whether a particular benefit exceeds one of these fees "by a significant amount." The unusual type of benefit prohibition is likewise clear.

Every company raises only three questions. (1) Is its own fee schedule in fact a standard $200 commercial fee schedule? (2) If there are any unusual allowances for specific procedures, are they significantly in excess in amount of those of the Veterans Administration plan or the commercial $200 plan? (3) If there are unusual types of benefits, will they nonetheless be approved on review by the committee?

These points were discussed with the board with the result that the board offered to look over in advance the fee schedules of companies desiring to submit them. In its determination of the standard $200 fee schedule the board has been impressed with the fact that 75% of surgical benefits are paid by reason of seven operations although the plans cover many others. The board in considering the schedules will rely upon a weighted combination based almost entirely upon these seven operations. It is expected that even though schedules may contain some fees in excess of $200, analysis will show that in some cases the overall benefits are equivalent to many schedules with a $200 maximum limit. Responding to the offer of the board many companies through the A.L.C. and L.I.A.A. offices have submitted their schedules to the board for review with the thought that such advance information will make it possible for most plans to qualify for the 30-day automatic approval. Also with this advance submission non 30-day plans can receive more prompt consideration by the committee on a case by case basis.

Thus far there have been 40 such submissions of forms. It is understood that approval has been given to all plans with $200 limits. The $300 limit schedules have not been approved and probably plans based on these schedules will have to be considered on a case by case basis as they are presented. There is a decided probability, however, that the submission of these schedules in advance of the submission of specific plans means more automatic approval than the technical wording of approval before the expiration of this 30-day period. Plans not meeting the 30-day automatic approval requirements are to be promptly considered. Some of them may even be affirmatively approved and become effective as soon as the 30-day plans.

"Of necessity I have hit only the highlights," Mr. Hogg commented. "In all there have been more than a score of questions arising as to the interpretation of the regulation and the resolution. For example, what about polio benefits? Presently the board considers a polio benefit as unusual. Plans with this benefit will have to go before the board pending building up of more experience.

There has been approval of a few of these plans, but they have been on the basis of either full employe contribution or area practice. What about changes in existing plans? Presently changes in plans require resubmission. But why this formality? It has been pointed out that every plan is constantly undergoing change, and where these changes are of minor importance there is no reason why they should be reported.

"Under Resolution 78 benefits under an employer's plan plus benefits under a statutory plan cannot exceed the standard of Regulation 19. Where the statutory benefits are increased by amendment of the law it should be unnecessary to go through the formality of reporting. The point has been made and with considerable justification under the language of the reporting form that where certification is made it is not necessary also to file the plan or detailed information concerning it. Part 1 of the form dealing solely with certification makes no reference to the submission of the plans themselves. Part 2 relating to the petition for a non-automatic approval plan does require submission of the plan. Notwithstanding the fact that the form literally may be considered as not requiring the submission of plans where certification can be followed, it is felt that the board will require submission in such cases. Failure to submit may result in delay inasmuch as the board upon receipt of the form will request also the submission of the plans themselves."

Mr. Hogg indicated that there may be a practical difficulty in getting an employer to certify in those cases where certification may depend largely upon the rather informal discussion of representatives of the business with the board or its representatives. The employer's counsel may take the position that the only thing his client may rely upon is a legal interpretation of the regulation. How serious this may prove to be remains to be seen. All these things and many others will have to be resolved.

"We must also not lose sight of the fact that approval may be severable. That is, a plan covering several areas of benefits may be approved as to some and approval withheld as to others. The board wants this program to be self-administered to the maximum extent and it is anticipated that before very long through submissions of individual cases a very clear cut pattern of what can and cannot be done will be established.

Revised IX-F Sets Forth General Agents Pay Circles

(CONTINUED FROM PAGE 1)

ice in a similar position regardless of its title.

General Agent's Personal Production

(e) No first year commissions in excess of first year commissions permitted to be paid to an agent shall be paid to a general agent on any portion of the new business written by him as agent during any calendar year which exceeds 50% of the new business of his agency office during such year including business written by him as agent. Overriding commissions and other compensation after the first policy or contract year payable to a general agent for service as such shall not be at higher rates on business written by him as agent than on business written by agents supervised by him.

(f) Evidence of compliance with (b) and (c) of this subsection shall be furnished to the superintendent and shall be compiled in a manner satisfactory to him on the basis of the fair sample provided for in subsection two of section three hundred two and such other data as he may require, or on any other basis satisfactory to him.

3. (a) This subsection shall apply only to contracts for service as a general agent entered into after Jan. 1, 1953, except that no amendment may be made after said date to any contract for service as a general agent entered into before said date which would increase the compensation payable thereunder after termination of the general agent's service as such above the amounts permitted by this subsection.

Post-Termination Pay

(b) No company shall pay for service as a general agent after termination of such service (1) any compensation on business written after the termination

of such service, or (2) any compensation other than overriding commissions on policies or annuity contracts issued after the effective date of the general agent's contract for service as such for which provision has been made before termination of such service. With respect to premiums and stipulated payments received after termination of such service, such overriding commissions on first year premiums and first year stipulated payments shall not exceed 5% of such premiums and stipulated payments and all other such overriding commissions shall not exceed in commuted value 2% of the commuted value of the future premiums and stipulated payments for 14 years after the first year of such policies and contracts.

(c) The limitations prescribed by paragraph (b) of this subsection shall not restrict payment of security benefits.

4. Contracts for service as an agency manager shall be terminable by the company either at will or upon reasonable notice.

5. No company shall make any loan or advance to an agency manager without taking adequate collateral security. Such security may be first year commissions earned or to be earned by the agency manager or other commissions, provided the agency manager is entitled to such commissions regardless of whether his active service continues.

Outlook Dimmed for Companies' 213 Bill

(CONTINUED FROM PAGE 1)

panies and the department did not see eye to eye but there were a number of lesser points, too.

Assemblyman Dwyer, a member of the Condon committee, introduced an identical measure in the assembly.

STATE UNIT TO ACT

BUFFALO—The New York State Life Underwriters Assn. will push for immediate enactment of the companies' proposal calling for adjustment of expense limitations, said W. Merle Smith, president, following a special meeting of the association's executive committee. Mr. Smith is manager of Mutual Life at Buffalo.

Mr. Smith said the companies' proposal has been processed for more than three years by various interested groups and represents the best thinking of the business. Its purpose, he stated, is to adjust the limitations on expense, so as to give necessary relief to the smaller companies operating in New York State, enable the companies to train new agents more thoroughly and make it possible for companies, if they wish, to pay slighly more to their agents. The justification for a somewhat higher commission scale, he said, lies in the increase that has occurred in the agent's cost of doing business.

The maximum possible increase in cost, under the proposed bill, Mr. Smith said, would be about 30 cents per $1,000 of insurance, or roughly a 1% increase in gross premiums. It would apply only to new insurance issued in the future.

The association's release refers to the proposed article IX-F, not the measure introduced Tuesday by Senator Condon of Yonkers, chairman of the committee that has been studying the revision of Section 213.

N.A.L.U. TO FIGHT

NEW YORK—As of mid-week the National Assn. of Life Underwriters was still hopeful of getting favorable action in the legislature on the companies' proposed article IX-F. Asked about N.A.L.U.'s attitude, B. N. Woodson, managing director, said:

"N.A.L.U. believes that IX-F as modified, although offering the agent somewhat less than we consider ideal, does nevertheless implement every basic principle for which N.A.L.U. has fought. Moreover, it would permit companies desiring to do so to effect modest yet appreciable increases in agents compensation. We regard it as a workable compromise, which offers the possibility of prompt legislation and a substantial forward step.

"While improvements and liberalizations would undoubtedly be needed in future years, we propose to do all in our power to encourage the New York legislature to act affirmatively on the proposed bill this year."

The steering subcommittee of the companies committee on section 213 headed by President James A McLain of Guardian Life was scheduled to hold a meeting Thursday to determine a course of action.

CIO Loses Met Vote

Insurance and Allied Workers Organizing Committee (CIO) was the loser in a run-off election among Metropolitan Life agents in Connecticut on the question of selecting a collective bargaining agency. The vote was 234 to 187 and included all Metropolitan agents selling industrial out of district and detached offices in the state of Connecticut. The result has been certified by national labor relations board.

N.A.I.C. Zone 4 Raters Discuss A. & H. on March 24

The N.A.I.C. zone 4 raters organization of which L. T. Coddington of Illinois is chairman, at their meeting at Chicago during the week of March 24 will tackle a number of A. & H. subjects. The industry representatives desiring to attend this A. & H. meeting are requested to notify Mr. Coddington before March 10. The possible subjects to be discussed are franchise A. & H. policies, terminal maternity benefits rules, Minnesota rule on catastrophe A. & H. coverage, and A. & H. war exclusion riders and policyholder complaints.

John J. Wicker, Jr., of the Richmond law firm of Wicker, Baker & Shuford, has been chosen chairman of the membership committee of the American Bar Assn. insurance section.

High Attendance at A. & H. Group Session

(CONTINUED FROM PAGE 3)

it is more convenient for the doctor to treat his patients that way?

—Do hospitals charge all users of their facilities equally? Do the so-called public patients pay more or less than their share?

—Does Blue Cross get a discount from the hospitals?

—Do cash and commercially insured patients pay for those persons not paying their way?

—What is the attitude of hospital administrators to company hospital admissions plans, and what are they doing to make them work, or is there favoritism to Blue Cross?

Asks About Doctor's Practices

Dr. Magnuson was asked:

—Of two people earning $2,400 a year, one is insured and the other not. Does the doctor in any way distinguish between these two persons when they come into his office?

—Does the presence of insurance change the procedures the doctor goes through with on any particular patient, such as in making extra tests, etc?

—How much medical care can the public as a whole afford?

—Does the doctor feel the patient hasn't gotten his just desserts from the insurer until the policy benefits are exhausted? How far have the doctors gone to understand the insurance principle?

—What does Dr. Magnuson's study commission plan to do, and how does it plan to go about its work?

Two or three of these queries were answered by Mr. Jones in his remarks concerning Blue Cross.

Mr. Jones said he talked a few days ago with the manager of a 500-bed Detroit hospital which got 76.4% of its income from third parties such as welfare agencies and insurers, and had broken down the sources. Blue Cross accounted for 49.9% of this income commercial insurers 20.2; industrial accidents 3; all indigent persons 3.3. The non-insured, non-sponsored, cash-paying patients accounted for only 23.6% of the hospital's income. The significance of third party payments is growing, Mr. Jones pointed out.

Blue Cross has tried three methods of solving the problem; Higher rates (the most popular); limitation of benefits, and control of over-utilization.

Hospital expenses aren't beginning to level off, Mr. Jones asserted.

Referring to the question of doctors placing too many patients in the hospitals, Mr. Jones said this problem is one of unwitting commission by doctors, who are prone to say, "Well, you have Blue Cross, so naturally you'll go to the hospital." Any good results in clearing up this situation will come primarily from education, he commented, particularly from staff meetings at the hospitals.

Blue Cross does get a discount in some areas, Mr. Jones admitted. It is based on the hospital collection experience; for example, if the hospital collects 90% of its bills, Blue Cross gets a 2% discount. This is a very limited practice. In cases where Blue Cross pays the hospital on the basis of costs, and considering that costs exceed charges in most areas, Mr. Jones said the non-Blue Cross patient actually gets a better break.

Mr. Vanderwarker said he was "delighted to have the chance to answer" Mr. Joanis' questions. He was quite frank in his replies, and attempted to cover all the queries not answered by Mr. Jones.

Are charges properly allocated? No, Mr. Vanderwarker admitted. Room charges usually are too low, and the difference is made up in x-rays, pharmacy, and laboratories. That is traditional practice. The room and board item is the largest one on the bill, and the hospitals have been reluctant to notch it up, when it was easier to hide the increase in the extras column.

As to keeping the doctors from putting too many people in the hospitals, Mr. Vanderwarker said there is a shortage of beds for serious cases, and to his knowledge the number of diagnostic patients is very low.

Are all patients charged equally? No, again, he said. Indigents and welfare agency sponsored people, and some others, pay about $4.50 a day less than cost. The cash patients pay the difference and also contribute to education in the form of nursing schools.

Friendly to Insurers

The attitude of hospital administrators toward the commercial insurers is friendly, Mr. Vanderwarker said, comment, "They help pay the bill." He cited the cooperation of the hospitals with the admissions plans as an example of the hospitals' attitude.

Dr. Magnuson was not so specific in his replies. He admitted that he has gotten out of touch with some of the problems. As to different charges for insured and non-insured, the doctor said, "If my charge were $25 normally, I would charge at least $50 if I had to fill out an insurance claim blank." He said young doctors are prone to overvalue their services, but in his opinion the problem is not so much doctors' fees as it is hospital charges. He mentioned the number of tests and laboratory treatments the hospital patient is given, many of which are routine in the hospital and are given without the doctor's orders. At the same time, Dr. Magnuson argued that a competent doctor is worth a good deal of money, and he criticized insurance company fee schedules.

Dr. Magnuson said he favors strongly the deductible idea for accident and health insurance so the companies won't have to pay for "the day to day things people go to the doctor for."

He went into some detail in describing the commission he heads which is to study the health needs of the nation and report to President Truman in a year. Dr. Magnuson said he demanded that the President give him a free hand, and that he informed Mr. Truman that he wanted no part of Oscar Ewing's (head of the federal security administration) plan, nor did he want anyone on the commission who was presently employed by the government.

The entire session Tuesday morning was given over to a discussion of the fundamentals of group insurance, with Roy A. MacDonald, conference assistant director, presiding.

In discussing "Qualifications of a Group," W. L. Miller, group and salary savings department supervisor of Northern Life of Seattle, mentioned the difficulty in getting 75% participation on association type cases where the individual insured pays the entire premium. This is a difficult kind of case to qualify because it takes a real salesman to sell three out of every four persons an insurance program, particularly when a premium for a reasonably complete plan including dependents may run from $10 to $15 a month. Where there is no payroll deduction on this type of case, Mr. Miller said the agent often finds himself having to take the responsibility for making the collections.

It is difficult in group underwriting to fix the rate for catastrophic coverage plans, Mr. Miller said. If a company took a theoretical incidence of two limit claims of $5,000 each out of each 1,000 lives insured, and the incidence proved to be three out of a thousand instead of two, the rate would be off 50%. Until there is more experience to guide underwriters in the matter of limitations and what the rates should be, it would seem wise to be careful about writing plans providing high limits or unlimited coverage in the catastrophic field, he asserted.

Mr. Miller mentioned the confusion that has occurred since the freeze on group plans by the wage stabilization board, and said in his opinion that "state compulsory disability plans were the back door and wage stabilization regulation 19 and resolution 78 are side doors to a determined political program for national health insurance, plus socialized medicine controlled by the federal government."

Discusses Cost Factor

Donald D. Cody, group actuary of New York Life, delivered a paper on factors affecting costs in group insurance. He listed seven requirements which, if met, might produce a group that would permit efficient administration with resultant low expenses and predictable claim costs. These are: 1. The group must be a permanent one strongly held together by a mutual interest other than insurance and must be fed by a steady stream of young new entrants. 2. There must be full employer cooperation and a single central agency to administer the insurance. 3. There must be an automatic collection routine like payroll deduction. 4. Employe contributions must be reasonable and employer contributions must be compatible with employer's operating margins. 5. There must be a substantial enrollment. 6. There must be no individual collection. 7. The benefits must be at a reasonable level.

The percentage of females is a well known item in determining claim experience. Age composition of the group is important and if the average age gets concentrated over 50, there will be a radical affect on weekly indemnity and the medical care coverages, although the affect on surgical expense insurance is not marked. Inclusion of retired employes in medical care coverages is especially important.

Most rates for dependents coverage are calculated upon assumed family composition of 35% wife only, 63% wife and children, and 2% children only. To the extent that the standard distribution is not matched in a particular case, costs will be relatively different.

In the higher salaried groups, hospital expense coverage will bring higher claims; in catastrophic medical expense coverage, salary is probably a more important factor than age, since higher salaried people utilize medical facilities extensively and are charged higher fees.

A company which has a record of labor unrest and strikes is likely to have

a very bad weekly indemnity experience, Mr. Cody said, and hospital and surgical expense may run higher.

Speaking on "Fringe Benefits," T. H. Kirkpatrick, vice-president and superintendent of group department of Paul Revere Life, said that while labor and WSB refer to all group coverage and similar plans as fringe benefits, he intended to confine the subject to additional benefits which are still on an experimental basis, such as polio, laboratory and x-ray, inclusion of ambulance with hospitalization and extension of the surgical schedule.

The main point to be considered is: Is it an insurable benefit? There is a tendency to feel that such a benefit may not amount to much and it isn't necessary to be too careful about it. It is also necessary to define the benefit exactly. There are bound to be many borderline situations arise. Evaluation of the risk as far as possible is important. In most cases there are no statistics available but it is desirable to take advantage of all indications as to future costs.

He emphasized the importance of indoctrinating the company's entire organization, and especially the sales force, in regard to just what these additional benefits mean. Too often the salesman is apt to feel that they will solve all his problems.

Losses in Tranfer Business

In discussing transfer business, G. R. Jordan, vice-president and manager group department Republic National Life, asked why there should be any such thing. He said a change in carrier often means a loss to all concerned. There may be cases where it is justified, but they are exceptions, he said.

"There is merit," he said, "in the idea of properly servicing a case, educating the employer as well as the insured employes to the benefits of the plan and its purpose, yet if the premium is not adequate, our experience will be the same as the previous carrier.

"At this time, when hospital and doctors' charges are continuing to increase, it is futile to think we can rewrite a case with added benefits over the previous carrier without considering an increased premium."

He mentioned certain problems that must be considered, especially maternity and employes on leave of absence.

He said there is a responsibility to the public to be sure that the employe is not adversely affected and that point must be taken into consideration in making any adjustments.

Methods of Claim Control

J. E. Hellgren, vice-president Lumbermens Mutual Casualty, took up claim control. He emphasized that consideration of over-all results is not sufficient. He said it is necessary to set up a system to analyze the company's experience and that, after all, "there is no substitute for your own experience."

He outlined the different divisions and bases of comparison that can be used and told something of the plan which his company has followed. He said companies generally are too hesitant about raising rates when the experience is unfavorable. Reducing benefits is not easy, although it may be done in some cases as to certain specific coverages. It is always difficult to take something away from the employe. However, a discussion of this possibility may serve as an opening wedge to bring up the subject of a rate increase. He also emphasized that companies can not cancel cases at will.

Speaking on renewal underwriting, G. I. Hillard, group department agency supervisor of Washington National, stressed the importance of a thorough review of each case before it comes up for renewal. As any changes have to be made on the anniversary date, this means that the study must be made at least a month before that date, with probably only nine or 10 months' experience available.

Among the factors to be studied he mentioned unstable employment, malingering, relation of weekly indemnity to take-home pay, too short waiting periods, number of female and over-age employes, low percentage of participation, method of administration, whether plan is contributory or non-contributory. He said experience for one year on small groups is not reliable. There should be at least two years there, although one is long enough for larger groups. He mentioned that a longer experience is required in group life than in A. & H.

The question was brought up as to the possibility of reducing payments to the extent of Blue Cross benefits where such coverage exists, if the policy is on a strict reimbursement basis. While it is possible under catastrophe plans, the consensus seemed to be that it would be difficult under regular group plans.

E. C. Voigt, Lumbermen's Mutual Casualty, presided at the Wednesday morning session at which talks were given by E. H. O'Connor, Insurance Economics Society, on "Legislative Trends;" G. N. Watson, Crown Life, Wendell Milliman, group manager of New York Life, who discussed "Getting Into the Group Business;" John Panchuk, vice-president of Federal Life & Casualty, on "Are War Injuries Occupational?" and James R. Williams of the conference staff.

Some comments on the British Columbia compulsory hospitalization insurance plan were given by Mr. Watson, who remarked that the troubles and failures besetting the plan have helped confirm insurance theory and practice.

Catastrophic medical expense insurance was discussed at the final session with Porter A. Bywaters, Jr., Employers Casualty, presiding. The speakers were Alan Thaler, assistant actuary of Prudential; Charles Probst, group department actuary of Connecticut General Life, and A. M. Wilson, group underwriting manager of Liberty Mutual.

EDITORIAL COMMENT

Place for the "Let's Go" Spirit

Perhaps there is no greater nor more worthwhile collective undertaking on the part of the insurance companies than the hospital admissions plan that has been worked out in a number of cities and is being constantly studied for possible improvement and that is on tapis for a number of other localities. This is the kind of thing that moves ahead on the will, enthusiasm and imagination of those who see clearly the possibility for splendid benefits for policyholder patients, for the hospital and, incidentally, for the third party payor. This is a first rate community activity, so to speak, and it deserves the intelligent and effective attention of public spirited insurance people everywhere.

Although this program poses a great many problems, it is not something to be achieved by what might be called the problem approach. What is called for is a drive that sheds problems and goes for the main chance in sure-footed fashion. The "let's go" spirit is wanted.

The principal problems, it seems to us, are solvable if all parties keep their attention riveted on the aim of the undertaking which is to get the insured patient into and out of the hospital with as little bother as possible. The problems grow more forbidding when other considerations, especially the competitive situation as between Blue Cross and the commercial insurance companies, is allowed to intrude. This might be looked upon as a race to provide service and, if so, it is a good race. The hospitals, for the sake of their own patients, as well as for their own institutional welfare, should welcome the offer of the insurance companies to accommodate their procedures in a systematic and progressive way to the best advantage of the policyholder-patient and the hospital. This plan indicates to the hospital in plain, straightforward language what the benefits of group hospital coverage are.

The insurance companies have a great deal to offer the hospitals in the way of knowledge in the organizational and procedural and systems range. They are part and parcel of the present-day hospital system. The hospital world and the insurance world should make every possible effort to know each other intimately and to aim to achieve an integrated and smoothly operating team. By working together on this hospital admissions plan, the hospitals and insurance people will be forming liaisons in connection with which they will become acquainted with each other's capabilities, resources and problems, and there are bound to be derivative and subtle benefits of the utmost value. They are on common ground and each of the interests involved should come to understand that thoroughly.

The least that can be accomplished is to remove any lingering feeling of antagonism that there may be between the hospitals and the insurance companies. Both hospitals and insurance companies are trying to do a job and they should pool their energies and resources of knowledge. This admissions plan should be looked upon only as a means of aiding the policyholder-patient, especially the ones of limited means. It is an advantage that is wanted for the user of the hospital and that means for the hospital itself. It is not a question of an advantage of one type of insurance institution over another or of equalizing the competition. The insurance companies are here to stay, Blue Cross is here to stay and hospitals are here to stay. Blue Cross and the insurance companies are going to continue to be in the keenest kind of competition and that is all to the good. But that competition needs to be confined to the point of sale. When it comes to delivering under the contract all the resources of the hospital system and the insurers should be drawn upon to perfect the service. Vision and good will are wanted here. Distrust and suspicion need to be exterminated once and for all. There is a fine social purpose to be achieved and the task should be approached in a spirit consistent with such purpose.

PERSONAL SIDE OF THE BUSINESS

W. H. Browder, general agent of Penn Mutual, has been elected president of Nashville Quarterback Club, organization of college football enthusiasts.

John P. Hanna, associate managing director of Health & Accident Underwriters Conference, who has been on leave since recall to duty as a naval officer, was present in civilian clothes at the recent meeting of the conference in Chicago. Mr. Hanna, who is executive officer on a destroyer, has prospects of returning to civilian status by the end of the year.

L. J. Larson, executive vice-president of National Guardian Life, will speak on "The Open Mind" in welcoming a joint district conference of National Retail Credit Assn., Associated Credit Bureaus of America and Credit Women's Breakfast Clubs at Madison, Wis., Feb. 23-26.

Milton J. Goldberg, agency assistant of Equitable Society, and his family had a real scare when the third air disaster occurred in Elizabeth, N. J. The Goldberg residence is only two blocks from the scene of the crash.

Frederick D. Russell, president Security Mutual of Binghamton, last week was host at dinner to members of the two insurance committees in the New York legislature, in Albany. This is an annual occurrence.

Ellis G. Arnall, former governor of Georgia who has been named price administrator by President Truman, is president of Dixie Insurance Company of Newnan, Ga., a life company organized in 1946.

John W. Lawrence, general agent of Massachusetts Mutual and **Raymond E. Storck**, manager Metropolitan, have been named co-chairmen for the Chicago insurance group of the Red Cross fund campaign drive.

DEATHS

HERBERT P. LEAK, 66, former vice-president and treasurer for Jefferson Standard Life, died at Greensboro after a heart attack. He retired last July after more than 45 years with the company. He started in life insurance in 1906 with Security Life & Annuity, one of the three companies consolidated to form Jefferson Standard in 1912. He served as assistant secretary of Jefferson Standard for several years, was elected secretary in 1936 and vice-president and treasurer in 1948. His brother, C. E. Leak, also a veteran executive of Jefferson Standard, was executive vice-president when he retired last year.

DR. MALCOLM K. SMITH, 72, who retired in 1946 as assistant medical director of Prudential, died at his home at Newport, R. I., after a long illness. He was a graduate of Harvard University and Cornell medical school and served in the army medical corps in the first world war.

GEORGE F. ROWE, 61, for 30 years with New York Life at Milwaukee, died there after suffering a stroke at his home. He was a member of the company's Agents Advisory Council and the Top Club.

JOHN H. EDWARDS, 85, who was president of the old Kansas Life from 1918 to 1929, died at Topeka. Earlier he had been vice-president of Northern States Life of Hammond, Ind., and Security Life of Chicago. He was a candidate for Kansas insurance commissioner in 1934 and 1936.

ROY F. TROSSETT, 58, assistant treasurer of Colonial Life, died at Orange, N. J. He had been with the company since 1939.

WILLIAM J. CUMMINS, SR., 53, former manager of the Philadelphia agency of Fidelity Mutual Life, died.

LYLE V. BARNES, retired general agent for Equitable of Iowa at Omaha, died at his home there. He represented his company for more than 30 years at Springfield, Ill., Kansas City and Omaha. He retired in 1948, succeeded by his son, Roy K., present general agent at Omaha. His brother, Donald L., one-time president of the St. Louis Browns, is president of American Investment Co. of St. Louis.

FRANCIS P. HUSTON, vice-president and a director of Insurance Research & Review Service from 1917 to 1942, died at his home in Indianapolis. Active in the business until ill health forced his retirement 10 years ago, he is the author of the book, "Fraternal Life Insurance." One of his sons, Phillips M., is associate editor of the pictorial division of Rough Notes Co.

CHURCH BROTTEN, 78, formerly secretary of the old Federal Union Life of Cincinnati, died in Christ hospital there. Before joining Federal Union in 1924, Mr. Brotten for five years had been with the Ohio department, part of that time as chief deputy auditor.

WILLIAM E. METZ, 85, who was in life insurance work at Pittsburgh for 50 years, died there. He started with the former Edward A. Woods agency of Equitable Life in 1892, continuing that connection until his retirement 10 years ago.

Aetna Life 1951 Results Analyzed

Total 1951 earnings of Aetna Life's stock department were more than $20 million before taxes, President Morgan B. Brainard told the stockholders at their annual meeting. Earnings after taxes, however, were $17,586,361, a drop of $2,074,294 from a year earlier. Chief reason for the decline, he said, was higher taxes.

Mr. Brainard said $16,272,264 of the earnings came from operations of the life department, $117,589 from the accident and liability department operations and $1,196,508 from operations of the Aetna Life affiliates—Aetna Casualty, Automobile and Standard Fire.

More than $13.5 million of the life department earnings came from life insurance business, $1,805,750 from annuities, and $994,627 from interest on capital and surplus.

Turning to allocation of 1951 earnings, Mr. Brainard said $5 million went for cash dividends to shareholders, $4,269,002 for strenghtening reserves on life insurance and annuity contracts, and $1.7 million was added to the employes' retirement allowance fund, bringing the fund to $20 million.

In addition, $6,257,000 of 1951 earnings was used to increase surplus, bringing it to $64,237,736.

Mr. Brainard said company records have been microfilmed and duplicates are safely deposited in a "city in the mid-west."

Brundage at Nashville

John D. Brundage, director of agencies of Mutual Benefit Life, addressed Nashville managers on "Talking Shop."

Unanimity at Last

There is a sign over the drinking fountain in the WSB offices in Washington, D. C., which reads:

"Please don't wash cups here. Keep it clean. This is a tripartite decision—unanimous."

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SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

THREATENS COURT ACTION

Becker Accuses Two Companies of Personal Attacks

Harry Becker, assistant director of the Commission on Financing Hospital Care, has charged two insurance companies with attempting to sabotage the program of his organization by personal attacks against him. Mr. Becker says that if there is no diminution of this sniping he will take the matter to court. He feels that exposure of the names and nature of these companies to the public would be highly embarrassing to them.

Mr. Becker states that these attacks have been in printed form and have been circulated among physicians and hospital administrators with whom the commission is working. Mr. Becker is on leave as director of social security of the CIO-UAW. He said the gist of the attacks upon him by the two insurance companies is that he is a socialist and is out to put across compulsory health insurance and "socialized" medicine. Mr. Becker states that these charges are untrue and that in the spirit of inquiry he and the commission are after facts that will lead to solution of the problems of financing hospital care. He is on the national board of Blue Cross and Blue Shield and has made no secret of his interest in such plans.

Supported by Foundations

Mr. Becker charges that the two companies in question have been defaming him among members of American Medical Assn. and American Hospital Assn. The Commission on Financing of Hospital Care is a private group with headquarters at Chicago making a two-year study of hospital financing. It is backed by grants of some $600,000, largely provided by the Kellogg foundation and the Rockefeller foundation. Mr. Becker comments that the organization is working harmoniously with both American Hospital Assn. and American Medical Assn. to investigate the whole cost structure and the economics of American hospitals and perhaps eventually of the entire medical business.

Mr. Becker admits that the study has just begun but he has some positive comments about the hospital field born of his four years with UAW and his experience in public health and welfare work with the federal security agency, U. S. public health service, New York City department of health and the state of Nebraska. In his new duties, Mr. Becker has been doing a lot of speaking, much of it before hospital administrators. He was recently quoted in a daily newspaper in Milwaukee, where he addressed 300 Wisconsin hospital officials, as saying that 10 years from now American hospitals may get almost their entire income from prepaid medical plans. He commented that 75 million persons now have some form of prepaid hospital protection and that it is reasonable to assume that in the next decade the number of persons to have this care will be almost doubled, bringing the level of protection to a point where the full hospital bill is paid under prepaid plans. He was quoted as saying that this will mean almost all hospital income will come from third party payments.

The newspaper commented: "Becker was cool toward plans offered by commercial insurance companies under which participants receive fixed payments for particular injuries or illnesses. The payments often do not meet the costs incurred by the patient. Becker said prepaid hospital plans should be administered by socially responsible agencies which offer flexible coverage. He said the evidence is clear that commercial insurance carriers are not going to be able to perform the job that is required for a sound community program of financing and developing hospital services on a cash indemnity basis which pays less than the cost of care."

Mr. Becker in his Milwaukee speech predicted that hospital costs would continue to rise, but at a slower rate than they have in the last 10 years. He reported that costs had risen 13% to 15% a year in each of the last 10 years.

He declared that the demand for hospital services will increase, predicted that more people will use hospitals and that they will want more extensive service in each case. He commented that as prepaid hospital plans grow there has been a decline in the proportion of hospital income received from endowments, as well as in the share received directly from patients.

"MONY" Features National Advertising Program of Mutual Life of New York

NEW YORK — "MONY," standing for "Mutual Of New York," is one of the novel features of Mutual Life's new national advertising campaign which gets under way in this week's Life magazine. The advertising plays up a tie-in between "MONY" and money, the "product" in which life companies deal. One advertisement is headed, "Money Worries Melt Away . . . When You've Got 'MONY' Back of You!"

The Mutual agents are tied in with the advertising as "MONY advisers."

Other features of Mutual's "new look" are a new signature—"Mutual Of New York"—to distinguish it from some 63 other American companies that use the terms "mutual" and "life" in their titles; a switch from abstract advertising themes such as "security" and "protection," to specific single needs such as money for retirement, money for college education, money to pay off the mortgage, disability income, money to take care of hospital and medical expenses and money to supplement social security; a shift from half-page advertisements to full-page insertions; and a new reply coupon to motivate inquiries from all types of readers.

Benton & Bowles, Mutual's new advertising agency, was given a free rein by Russell V. Vernet, Mutual's director of advertising, to recommend advertising themes, format and media within budget limitations.

Clifford B. Reeves, 2nd vice-president of Mutual, pointed out that while many factors favored the changes in Mutual's national advertising program, three developments in particular made 1952 an important time to do so. One was a new insurance program, including lower gross premiums on new policies and other improvements. Another was the shift to merchandising through the single-need selling approach, and the third is the company's entry, due in April, into the accident and sickness field.

Mutual's direct mail advertising and other promotional and merchandising material, all handled by the agency department, will also be tied in with the single-need approach and the national advertising program.

Middle Atlantic Actuarial Club to Meet at Washington

The winter meeting of Middle Atlantic Actuarial Club will be held at Washington, D. C., Feb. 29.

Eugene M. Thoré, general counsel of Life Insurance Assn. of America, will speak on "Insurance Matters of Current Interest," and a paper on "The Nature of Mortgage Insurance Risks" will be given by Samuel A. Miller, actuary of federal housing administration.

An open discussion on recently adopted work-saving procedures which created much interest at the Richmond meeting last fall will be continued. There will be another open discussion on "The New Annual Statement—Problems Encountered to Date."

OBSERVATIONS

Sen. Friedman Read It All

Senator Friedman of Brooklyn, easily the most vocal member of the Condon committee, which is presently engaged in determining what to do about revising the expense limitation section of the New York insurance law, has an unusual distinction: He has read every word of the testimony in the famous Armstrong investigation of the life insurance business conducted by the New York legislature nearly half a century ago. At the hearings held by the Condon committee this feat has given Friedman quite an edge on anyone who takes the position that regulatory laws needn't be so strict.

"Have you read the record of the Armstrong investigation?" asks Friedman.

None of the witnesses thus far has been able to lay claim to having read these 16 volumes of testimony, which enables Friedman to retort, "Well, I have."

Though much mellower than in past years, Friedman makes clear his conviction that, if given half a chance, at least some of the life companies would revert to undesirable pre-Armstrong shenanigans.

Good Omens for Sales

Peak incomes and the ability to save should augur well for life insurance sales. Personal income in the United States in 1951 was $251 billion the highest on record. The figure was $225 billion, $172 billion in 1945 and $78 billion in 1940.

As for ability to save, deposits in the nation's 529 mutual savings banks increased by 4.4% in 1951 to reach a new peak of $20.9 billion. This compares with a gain of 3.8% in 1950.

Franklin Names Woodward Vice-President at Dallas

Franklin Life has named Joe Woodward vice-president for the southwest at Dallas. Mr. Woodward has been agency vice-president of Southland Life since 1937. He is vice-president and a founder of Institute of Life Insurance.

LIFE AGENCY CHANGES

Gladder Spokane Manager of Union Central Life

Carlton A. Gladder has been appointed manager and Arnold A. Gleason associate manager at Spokane, Wash., of Union Central Life. In life insurance work since 1933, Mr. Gladder was formerly with Bankers Life and Mutual Life. He graduated from Drake University and during the war was with the glider corps. He is now a director of Spokane Life Underwriters Assn.

C. A. Gladder

Mr. Gleason graduated from Washington State College and left the banking business to join Union Central in 1932. He has twice been a member of its $500,000 Club.

New York Life Raises Klein

New York Life has promoted Paul O. Klein, associate manager at Oakland, Cal., to manager at Santa Rosa. Mr. Klein joined the company at Oakland in 1947, and the following year, because assistant manager there. He was appointed associate manager last year.

Shift Occidental Group Men

Glenn L. Tompkins, assistant regional group supervisor of Occidental Life of California at Houston, has been transferred to take charge of a newly opened group office at San Antonio. He joined Occidental at Houston in 1949 as a group representative, and was promoted to assistant regional group supervisor last July. He is succeeded at Houston by John W. Smith, Jr., group service representative.

Charles W. Claunch, regional group service manager at San Francisco, has been shifted to the home office. Alfred G. Laemmert, group service representative, succeeded him.

Hill New General Agent for Paul Revere at Washington

Paul Revere Life has named Harry L. Hill general agent at Washington, D.C., to succeed Homer N. Nick, who will return to personal production.

Mr. Hill entered the business as a field assistant with Travelers. He later became assistant manager and manager of the life department at New York City.

Last year, he joined Royal-Liverpool as home office representative at Boston, and later became regional superintendent of agencies there for Loyal Protective Life.

McInturff to Chanute, Kan.

L. E. McInturff, formerly with the company at Carthage, Mo., has been appointed general agent of Victory Life at Chanute, Kan. Orville Hedges has been named associate general agent.

Union Life Names O'Neal

Union Life of Arkansas has named F. Lynn O'Neal manager at Tulsa. Mr. O'Neal was formerly with Great Southern Life there. He entered the business in 1948.

Jefferson National Manager

Jefferson National Life has named George W. Breniser manager for four counties at Haverton, Pa. He was formerly an associate general agent for Central Standard Life. He entered the business with Metropolitan Life in 1939.

Verne Nydegger, former band leader at Wichita, has been appointed manager of the Wichita city agency of Kansas City Life by Orville R. Eby, Kansas manager.

American Hospital & Life has appointed **W. Elmo Lewis, Jr.**, manager at Midland, Tex., and **Thomas F. Dareneau**, manager of the life department at Houston.

COMPANIES

Turn in Stock, Court Orders Union Central Dissidents

Judge Schneider of common pleas court, Cincinnati, ordered the surrender of 33,570 shares of Union Central Life capital stock held by 11 defendants at $25 a share, the price set in the mutualization program adopted in 1941 and approved by the Ohio department in 1947. J. W. Pattison and 10 other stockholders were named in a suit by the company to obtain its stock in their possession. The dissenting stockholders had refused to surrender their stock unless they received $125 a share. Judge Schneider held that if the stock was not surrendered, the company may pay the amount due into court.

Travelers' Dividend $3

Travelers has declared a dividend of $3 a share on its stock, payable March 12 to stockholders of record Feb. 25.

Tries Advertising Test

Postal Life of New York has started a 13 week test in Stamford, Conn., of advertising showing local Postal policyholders in their everyday activities and also featuring the company's agency force in Stamford. The advertising test is an outgrowth of an experiment started by Prudential's western home office at Phoenix, Ariz. Prudential found the results good and several other companies, including Sun Life of Baltimore and Great American of Dallas, have used the plan.

Nebraska National Gains

Nebraska National Life has reported a 36% gain in assets during the year and a gain in capital and surplus of 24%. During the next year the company will introduce 15-year family term and 20-year premium endowment policies. Elected directors were Joseph H. Tottenhoff and Dale Hooker. Mr. Tottenhoff was elected secretary-treasurer.

Incorporates in Missouri

American Service Life of Kansas City, Mo., has been incorporated to do a general life insurance business, and has been authorized to issue 2,500 shares of $10 par value stock. Incorporators are listed as N. Adams, Dr. J. Getelson, M. H. Adams, L. S. George, L. L. Adams, A. B. George and E. Oberzan.

Broker's License Denied After Fraud Hearing in Ill.

After a formal hearing by the Illinois department, Craighton Leiter, Chicago broker, was denied a license. From evidence presented, Director Day and the hearing officer, Ramon L. Hanson, concluded that Mr. Leiter had converted to his own use cash surrender values belonging to policyholders of Rockford Life, which he formerly represented, and that he had also failed to remit to the company certain premium collections.

It was charged that Mr. Leiter did not return the cash surrender value of a policy to the policyholder after the company had paid the cash. The amount involved was about $300. It was alleged that Mr. Leiter had returned only about $35 to the policyholder and had requested a receipt signature for the full amount. The policyholder refused. The fraud was discovered when the policyholder applied to the company.

It was also charged that Mr. Leiter did not remit a balance of $150 due his company on premium collections.

The Illinois code establishes specific grounds for revoking a broker's license, among which are fraudulent and dishonest practices, misappropriation of fiduciary funds and failure to demonstrate trustworthiness and competency to transact insurance business.

AGENCY NEWS

Klyne, Newman Promoted by Cerf Agency in N. Y.

Philip L. Kyne and John A. Newman have been appointed associate general agents in the L. A. Cerf agency of State Mutual Life in New York City.

Mr. Klyne is assuming additional responsibilities in directing all brokerage phases of the agency's operations. Mr. Newman will supervise full-time men.

Mr. Klyne has been with the agency for six years. He has been in the business in New York City 28 years, including nine years with the Myrick agency of Mutual Life, 10 years with the Bragg and Warshauer agencies of Guardian Life and during the war for a period with U. S. Life. He has been active in C.L.U., L.U.T.C. and association work.

Mr. Newman, a naval officer during the war, entered life insurance with Prudential at Boston in 1946. He was an instructor at Massachusetts Institute of Technology. He joined the Young agency of State Mutual at New York as a supervisor in 1948.

The Cerf agency paid for $6 million of ordinary last year, the largest volume in the agency's 35-year history. It ranked second in production for the company. Volume is split 60-40% among full time and brokerage sources.

Hancock's Allen-Pratt Agency Sets Fine Record

The Allen-Pratt agency of John Hancock in New York City led the company's agencies countrywide in January with $1,540,000 of paid for ordinary business. In the six months since it was organized it has paid for $5,100,000 of ordinary.

The agency was formed Aug. 1, 1951 from part of the former Harry Gardiner agency. In August its production was the ninth largest in the country for the company. With only five of 12 1951 months in which to write business its production placed it 18th in the country by Dec. 31.

The agency is staffed by experienced personnel headed by Edwin J. Allen, and Harold G. Pratt, general agents, Joseph D. Murphy, and A. Robert Jacobs, assistant general agents, and Albert T. Dittman, brokerage supervisor.

An increasing portion of the agency's business is coming from corporate dollars, including pensions and business insurance.

Old Line Honors Buckman

At a dinner at Milwaukee. J. H. Daggett, president of Old Line Life, presented the Victory cup to H. R. Buckman as its leading general agent in 1951. The Buckman & Associates

agency produced $3.5 million of paid-for business, an average of $400,000 per agent. Mr. Buckman also was the company's top producer for the 12th consecutive year. He is a life and qualifying member of the Million Dollar Round Table. N. D. Hempe was second in volume and premiums, and J. E. Clifford, third in volume. W. J. Moore and M. F. Ryan, vice-presidents, spoke at the dinner and Paul A. Parker, director of agencies, was master of ceremonies.

Marks Agency Honors Fried

The David Marks agency of New England Mutual Life in New York honored Sidney Fried at a luncheon for having led the agency in production for 1951. Mr. Marks presented to Mr. Fried an inscribed silver cigarette box. The agency plans to make this an annual affair, at which an agent duly designated as its most valuable associate will be similarly honored.

Edwards Six Time Winner

The Edwards agency of Aetna Life at Chicago has won the President's Trophy of the company for outstanding sales and management records for the sixth year. This will entitle R. S. Edwards to his sixth term on the general agents' advisory council of the company.

Upward With Woods Agency

The Woods agency of Equitable Society at Hempstead, L. I., continued its steady climb in company standings since it was started from scratch in 1943 and is now in 21st position. At the end of its first year it had ranked 115th among the agencies of the company. The agency paid for $10,832,000 of ordinary and $2,500,000 in group during 1951. In January, 1952, ordinary production was $1,120,000. The agency now has seven unit managers, 92 agents and a newly modernized office in Hempstead with branch offices at Jamaica and Southampton.

Schiff First Revere Champ

The Schiff agency for Paul Revere Life at New York City became the first winner of the company's agency achievement trophy. Mr. Schiff has been a general agent for the company since 1938.

POLICIES

Philadelphia Brings Out New Additions, Plans, Policies

Philadelphia Life has introduced five new additions to existing policies, three new package plans, and two new policies. The additions include term on female risks at same standard as male, disability waiver of premium to single women, automatic term conversion, non-medical limits raised to $7,500, and 2½% interest paid on renewal commissions left with the company.

The new sales kits are an automatic juvenile jump-up policy, a mortgage slanted plan, and a $10 monthly savings plan. New policies are term to age 70 and the juvenile jump-up policy.

The new juvenile policy increases to five times the initial amount with no premium increase at age 20. Also to age 20, there is a return of premium feature, and, at age 60, it becomes a paid up policy for the ultimate amount.

Midland Mutual Issuing New $10,000 Minimum Policy

While most companies have increased the minimum for preferred risk policies from $2,500 to $5,000, a few have recently raised the minimum to $10,000. Midland Mutual has decided on a $10,000 minimum for its new preferred paid-up life at age 85.

While the gross premiums are slightly higher than for the present paid-up life at age 85, cash values after the first few policy years are larger than those of the present policy. The large average-size policy resulting from the $10,000 minimum will enable the company to pay a higher rate of dividend than on the present paid-up life at age 85.

The policy will be issued at ages 10 to 65 to standard risks and at ages 15 to 60 to substandard. Non-medical applications will be accepted from applicants eligible for non-medical insurance. The policy will be granted to those subject to war risk limitations, whether issued with or without aviation and war risk exclusion provisions.

Mutual Life Allows $5,000 Limits Without War Clause

Mutual Life will allow new insurance up to $5,000 without a war clause to all non-flying personnel already in the armed forces, or alerted for active duty.

The war risk applicants will be ineligible for preferred risk modified life, 5-year modified life, level term income protection, and mortgage protection policies. However, other plans including family income, decreasing term or double protection riders for new business will be available.

No specific limit on amount has been set for other war risk applicants. Draftees classified other than 1-A and inactive reservists will receive individual consideration.

According to the company, flying personnel present a hazard insurable only through war and aviation clauses.

AMONG COMPANY MEN

Ten Move Up In State Mutual Ranks; Johnson New V-P

State Mutual Life has elected a new vice-president and secretary, advanced three others and has named six new officers. Arthur W. Johnson has been elected vice-president and secretary. A. George Bullock was named assistant treasurer and manager of the securities department, Lorne S. Stone was advanced from assistant to associate underwriting manager and Richard H. Wilson was promoted to assistant treasurer and assistant manager of the securities department.

A. W. Johnson

New officers are Abbott P. Allen, assistant manager underwriting department group division; George D. Blakeslee, assistant treasurer and assistant manager mortgage loan department; Everett F. Greenleaf, manager claim department group division; James J. Kane, Jr., assistant manager underwriting department group division; William F. McAvoy, assistant counsel, and Franklin Wyman, Jr., assistant comptroller.

Mr. Johnson joined the company in 1930. A graduate of Massachusetts Institute of Technology, he engaged in industrial engineering for several years, later specializing in office equipment and methods. He started with State Mutual as a purchasing agent and in 1940 he was made assistant secretary. In 1946 he was named assistant secretary and assistant treasurer and was named secretary in 1950. He is a veteran of the first world war.

New Officers' Careers

Mr. Bullock started with State Mutual in 1931 after his graduation from Harvard. He is a veteran of the second world war and is a director of Merchants & Farmers Mutual Fire. Mr. Stone joined the company in 1945 after service in the army air forces. He was advanced to senior underwriter in 1949 and to assistant underwriting manager in 1950. Previously he had been with the Universal Credit Co. He is a graduate of the University of Minnesota.

Mr. Wilson graduated from Harvard in 1937 and joined Liberty Mutual as an investment analyst. After naval service, he joined State Mutual in 1946 in the financial division. Mr. Allen started with the company in 1937 in the renewal department and later spent four years in the field. In 1941 he returned to the home office and joined the actuarial division and for the past four years has been in group. He was named assistant manager group underwriting department in 1950. Mr. Blakeslee joined the financial division of State Mutual in 1946. He is a graduate of Harvard and an infantry veteran of the last war.

Mr. Greenleaf joined the company in 1949 after a year with a Boston law firm. He graduated from Brown University in 1941 and from Harvard law school in 1948. He is a member of the Massachusetts bar and a navy veteran of the last war. Mr. Kane has been with the company since 1947 and became head of the group claim department in 1948. That same year he was admitted to the Massachusetts bar. In 1950 he was transferred to the group underwriting department and advanced to assistant manager. He is a graduate of Northwestern and a army veteran of the last war. Mr. McAvoy graduated from Boston University school of law in 1947 and joined the company that same year. He is a navy veteran of the last war. Mr. Wyman joined State Mutual in 1950. He is a graduate of Harvard, a navy veteran of the last war and since 1947 has been an instructor in the evening division of the college of business administration of Boston University.

Aetna Advances 19 to New Posts

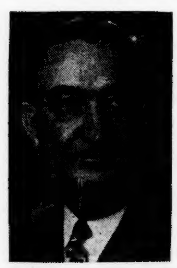
There were 13 officers promoted and 13 new men appointed by Aetna Life affiliated companies. Of the 26, 19 were appointed by Aetna Life. Charles A. Spoerl was promoted to assistant vice-president and actuary. In the group division, J. E. Griffith, Jr., became a vice-president and I. F. Cook and T. H. Johnson were advanced to assistant vice-president.

Other officers promoted are Austin D. Bryan, to secretary accident and liability department; O. H. Jessie, to agency secretary, and J. A. Blanchfield, to assistant secretary; H. S. Snow, C. B. Johnson, Lawrence M. Cathles and Howard A. Moreen, to secretary group division; James G. Butler, to secretary investment department; Crampton Trainer, to manager investment department; David S. McComb, to assistant cashier; Cray B. Larkum, to assistant manager mortgage loan division; Carl G. Josephson, to assistant secretary life underwriting division; Stanley L. Peterson, to assistant secretary life claims division; Douglas N. Morrison, to assistant secretary A. & H. claim department; Raymond K. Adams to assistant counsel; John H. Warner to assistant manager advertising and publicity department.

Jackson President of American United

American United Life has appointed Clarence A. Jackson president to succeed Leslie E. Crouch, who will remain on the board, and J. Howard Alltop secretary to succeed William A. Jenkins, who will retire at the end of the month.

Mr. Jackson, a member of the board since joining the company in 1947, will continue as chairman of the executive committee and a member of the finance committee. He has been executive head of the Indiana chamber of commerce since 1939.



C. A. Jackson

J. Howard Alltop

Mr. Alltop has been with the company as personnel manager, assistant secretary, and secretary since 1931. He has been in the business over 50 years.

Mr. Crouch has been a member of the board since 1928. He became chairman in 1941, and president in 1948. The company has also named Harry T. Ice, Indianapolis attorney, to the board.

United Benefit Promotes Taylor, Milne and Mellor

United Benefit Life has promoted Robert J. Taylor, director of education, to assistant vice-president. He joined the company in 1946 following his graduation from Iowa State. George D. Milne, superintendent of securities, has been advanced to assistant treasurer,

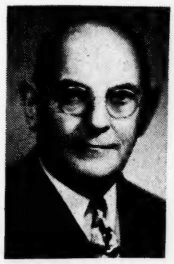
and John W. Mellor, supervisor of the life conservation department, has been named assistant secretary. Mr. Milne, a veteran of the last war and a graduate of the University of Kansas, joined United Benefit a year ago. Mr. Mellor, a University of Nebraska graduate, joined the company in 1941.

New England Ups Chaney, Collins

New England Mutual has elected Homer C. Chaney second vice-president and director of agencies, Charles F. Collins was elected second vice-president and agency secretary, and William C. Gentry was appointed associate director of agencies.

Mr. Chaney started with the company in 1937 at Los Angeles. He was appointed director of field training in

H. C. Chaney



C. F. Collins

1942 and in 1943 became regional director of agencies in the middle west. He returned to Boston in 1945 as associate director of agencies, and became director of agencies in 1946. He is a graduate of Pomona College.

Mr. Collins started with the company after graduation from Harvard business school in 1914. He became assistant superintendent of agencies in 1930 and agency secretary in 1938. Mr. Gentry joined the company following his graduation from the University of Michigan in 1931, serving as a supervisor at Boston for several years. He became supervisor of field service at the home office in 1942 and assistant director of agencies in 1949.

Further appointments include those of Albert H. Curtis as director of field training, E. Robert McLellan as director of agency finance and Edwin W. Folsom as assistant agency secretary.

Loyal Protective Promotes Conrod Vice-President

Loyal Protective Life has promoted Stuart F. Conrod, actuary, to vice-president. Mr. Conrod joined the company as an associate actuary in 1939, and became actuary the following year. He was formerly with a Canadian company.

Minnesota Mutual Advances Three in Agency Department

Minnesota Mutual has appointed Fred Kermott as superintendent of agencies and has promoted Everett Jay, assistant superintendent, to superintendent of agencies and Carl Cummings, agency supervisor, to assistant superintendent of agencies.

Fred Kermott

Mr. Kermott goes to Minnesota Mutual from Liberty Life where he was manager at Tampa. He began in the business with St. Paul Fire & Marine in 1938. After army service he attended the Purdue course and was later assistant director of the Southern Methodist course. In 1948 he joined Liberty as agency supervisor and was later appointed manager at Tampa.

Mr. Jay began his career with Metropolitan Life in 1936. After navy service he returned to Metropolitan in 1945 as a personal producer until 1948 when he joined Minnesota Mutual as agency supervisor.

Mr. Cummings began in the business in 1946 at Roanoke, Va., and later became agency supervisor there. In 1951 he was promoted to home office agency supervisor.

Mutual Life Names Pollack

Mutual Life has named Dr. Albert A. Pollack home office medical examiner and medical underwriter. Dr. Pollack is a graduate of Long Island college medical school.

Barsantee Takes Higher "Ad" Post with Travelers

Harry Barsantee has been promoted to associate manager of the public information and advertising department of Travelers. He joined the company in 1936 as supervisor of the news bureau and was named an assistant manager of the department in 1948.

Mr. Barsantee is a graduate of the University of Wisconsin school of journalism and before joining Travelers was in advertising and public relations at Chicago for seven years. He was an air force public relations officer during the war.

Reagles to Home Office

B. W. Reagles, for the past five years directing development of agencies of National Guardian Life in Minnesota and North Dakota, has joined the home office agency department at Madison,

Wis. Formerly he was general agent of National Guardian at Milwaukee, and before that had been with Security Mutual, Franklin Life, Acacia Mutual and National Life of Vermont there. He was president of Milwaukee Assn. of Life Underwriters in 1945.

Southland Raises Mangrum to Vice-President Rank

John E. Mangrum, assistant treasurer and director of Southland Life, was elected vice-president. He started with the company in 1933 as an office boy and within a year was made manager of the tabulating department. Later he was transferred to the investment department and was also assistant treasurer. He was named a director last year.

A newly appointed director is Leland Dupree, vice-president of the Republic National Bank of Dallas.

Ashbrook Art Head, Pogue Editor for Union Central

Union Central Life has appointed Robert W. Ashbrook, director of sales art, and William A. Pogue editor of the Agency Bulletin and publicity manager.

Mr. Ashbrook joined the agency department in 1930. He was formerly with a Cincinnati newspaper and three advertising agencies. Mr. Pogue also came to the company from an advertising agency. Both are war veterans.

Hutchinson Appointed to Field Management Post

Alexander Hutchinson, Metropolitan Life manager at McKeesport, Pa., has been appointed assistant vice-president in field management. He has been with the company since 1933, starting at Poughkeepsie, N. Y. He served as assistant manager at Poughkeepsie, as field training instructor, field training supervisor, and division supervisor in the field training division prior to his promotion in 1948 to manager at McKeesport. He is a C.L.U.

A. Hutchinson

"Columbian" Wins Award

The "Columbian," organ of Columbian National Life, now in its 50th year, won 1951 merit award of the Massachusetts Industrial Editors' Assn.

NEWS OF LIFE ASSOCIATIONS

Schedule Chicago Congress

"The Agent Comes Into his Own" is the title of the opening address to be given by Harold Stein, manager Metropolitan Life at Chicago, at the sales congress of the Chicago Assn. of Life Underwriters. Scheduled for March 20 at the LaSalle hotel, the other morning speaker will be Eunice C. Bush, manager Mutual Life at Baton Rouge, on "Ingredients: Use Full Measure." Co-chairmen of the event are Doren E. Trump, manager Metropolitan Life, and Walter C. Leck, general agent State Mutual.

Pittsburg Leads in Kansas

The Pittsburg Assn. of Life Underwriters is the first Kansas association to show an increased membership over last year. The annual Kansas sales congress will be held May 9-10 at Wichita.

Close Makes the Salesman

The close always makes the salesman, Paul Cory, assistant general sales manager for Moorman Manufacturing Co., of Quincy, Ill., declared at the February meeting of the Quincy Assn. of Life Underwriters. Mr. Cory defined closing as helping another make a decision. He pointed out that when an agent helps a prospect make up his mind, he has done the prospect a favor.

La Crosse, Wis.—Steps in the sales process for the average life agent were discussed by Frank Baker, manager at Eau Claire, Wis., of Bankers Life of Iowa, at a luncheon meeting of the Western Wisconsin association. Gertrude Vallier, Northwestern Mutual, president, announced a regional sales congress at Eau Claire April 4, sponsored jointly by the Chippewa Valley, Wisconsin Valley, Central and Western Wisconsin association.

Milwaukee—Alden C. Palmer, R. & R. Service, gave his talk on "Let's Get Excited About Life Insurance" at the February luncheon meeting. Eight new members were introduced.

Norton, Kan.—The Plainsman association heard Rev. H. P. Woertendyke speak on civil defense.

Emporia, Kan.—E. D. Bennett, National Fidelity, has been named secretary-treasurer to succeed Harvey H. Kaufman, Pioneer National.

Manhattan, Kan.—Commissioner Frank Sullivan discussed the organization and functions of National Assn. of Insurance Commissioners, of which he is now president.

Kokomo, Ind.—Mrs. Maria Ridoux, now a resident of Kokomo who formerly lived in Malta, spoke on "How It Feels to Be Bombed Three Times a Day for Three Years."

San Francisco—A round table discussion of underwriting problems is planned for the Feb. 21 meeting, with members of the Leading Producers Assn. formerly known as the Quarter Million Round Table, participating.

D. Allan Yambert, New York Life, president of the group, will be moderator and the participants are Roy Bradford, Jr., American National; George S. Hauck, National Life of Vermont; Lew Tilin, Mutual Life, and Virginia Wood, Northwestern Mutual.

Oakland-East Bay, Cal.—"Your Stake in Taxes" was the subject for the Feb. 15 luncheon meeting, with William S. Drake, director of group annuities of Prudential, as the speaker.

Pasadena-San Gabriel, Cal.—William B. Jadden, New England Mutual, Los Angeles, spoke on "Self-Organization and Time Control."

Indianapolis—Glenn Isgrig, manager for Reliance Life at Cincinnati, discussed "How to Put on a Good Show".

Lawrence, Kan.—Claud Cochran, general agent for General American Life at Kansas City, discussed association activities at national, state, and local levels at a joint meeting with the Ottawa association.

Detroit—The Women's division heard A. Gordon Nairn, Canadian director of Prudential agencies, on "The Anatomy of the Successful Life Insurance Underwriter."

St. Louis—J. Beryl Kemp, John Hancock Mutual, Chattanooga, spoke on "Clientele Building" at the monthly luncheon.

Birmingham—Thomas T. Martin of Mutual Life at Murfreesboro, Tenn., discussed the keys to increased production.

Lansing, Mich.—Hal L. Nutt, director of the Purdue course, spoke on "Success Is Neither Automatic Nor Impossible."

Baltimore—Timothy W. Foley, general agent of State Mutual Life at New York City, spoke on "A Command Performance."

Madison, Wis.—E. M. McConney, president of Bankers Life of Iowa, spoke on "Let's Take a Look at the Field Force."

Charlotte, N. C.—Charles E. Cleeton, president of the National association, discussed the 10 commandments of life insurance.

Austin, Tex.—The importance of centers of influence was stressed in a talk by Al Pratka, million dollar producer for American General Life of Houston. He has found that most of his clients are interested in having their friends own as much life insurance protection as they do. By keeping in close touch with such clients, the agent can build a sizable and promising prospect list, he said.

Occidental Elects Four New Home Office Executives

Four new officers and one new director have been elected to Occidental Life's executive staff. New officers are George D. Bjurman, vice-president; Powell E. Smith, counsel; A. Parker Wraith, associate counsel; Tom Hession, assistant secretary, and William M. Mark, assistant secretary.

Mr. Bjurman joined Occidental in 1946. Formerly he had been senior security analyst for the Wells Fargo Bank & Union Trust Co. of San Francisco, trust investment officer for the former Seaboard National Bank of Los Angeles and for the Bank of America at Los Angeles. He is a graduate of the University of California.

Mr. Smith is a graduate of Stanford University and Harvard school of law. Following his admission to the California bar he was a practicing attorney and a member of the legal staff of Pacific Mutual for two years. In 1936 he took charge of Occidental's law department. His position as counsel is not new but was made elective rather than appointive. Mr. Wraith's position as associate counsel is a newly created one and comes to him after 11 years of service in the Occidental law department. He was named assistant counsel in 1946.

Mr. Hession has been with the company since 1947 when he joined as an assistant counsel. He received his law degree at the University of Michigan and practiced law for six years at Peoria. Mr. Mark has been with the company for 27 years most of it in the real estate and mortgage loan department. He became a loan officer in 1937 and was named assistant manager of the department in 1950.

John Holmes Bids Again

John J. Holmes has filed a petition for the Democratic nomination for re-election to the office of state auditor in Montana. The state auditor is ex-officio insurance commissioner. Mr. Holmes has held that office since 1933.

Cashiers Hear Lottich

Life Agency Cashiers of Chicago heard Philip Lottich, New England Mutual at Chicago, speak on "Principles of Counseling."

Aaronson Tops Metropolitan

Irving Aaronson, an ordinary representative in the Murray Hill district of the Metropolitan Life in New York City, led the company in production in 1951 with a total of $1,677,000. This is the seventh year that he has qualified for the Million Dollar Club. He has

led the company six times. Isadore Tepper is manager of the district. Mr. Aaronson has been with the company 23 years. He was an assistant manager for 12 years before becoming an ordinary representative eight years ago. A considerable portion of his volume is on business insurance.

ACCIDENT

Start Cincinnati Safety Campaign

The February meeting of Cincinnati Assn. of A. & H. Underwriters signalized the inauguration of the organization's "25-35 Club," a safe-driving movement for accident prevention in Cincinnati and environs, of which the association took sponsorship in January. Members and guests attending the meeting became charter members of the club by signing pledge cards.

The pledge goal is 100,000 persons. Representatives of the Cincinnati police department, the Greater Cincinnati Safety Council, local fire and casualty associations, service clubs, Standard Oil Company of Ohio, and Cincinnati newspapers were present and offered their cooperation to make the campaign a success. Association President Robert G. Myers, Massachusetts Protective, emphasized how approaching the public on behalf of the campaign will result in good public relations for the A. & H. business and be a means of improving contracts with prospects and clients.

Panel Answers Questions

Vice-president R. W. Bickelhaupt, Mutual Benefit H. & A., conducted a question-and-answer discussion. On the panel of experts who answered questions were Joseph W. Scherr, Jr., vice-president of Inter-Ocean; William R. Dignan, president, W. R. Dignan Associates; George Hammerlein of Minnesota Mutual Life, and Samuel L. Williams, manager Bankers Life & Casualty.

In answer to questions regarding direct mail prospecting, Mr. Williams said that his office mails out about 200,000 pieces a month. The average return is from 1.1% to 1.4%, and about 58% of those returns result in sales. Each sale, in turn, often results in the issuance of more than one policy.

Mr. Dignan cautioned against overinsurance with loss-of-time coverages in relation to earnings. He said that coverage amounting to 80% of earnings is too high when measured in today's dollars, especially in view of current taxes, because such coverage might equal 100% of income after taxes and thereby present a moral hazard. He recommended a maximum coverage equaling up to 75% of earnings, and even only 50% in some cases, depending upon the amount of salary involved.

The question as to whether or not an agent should specialize in A. & H. brought a several-sided discussion. Three points of view were: (1) that the A. & H. business is in itself a highly specialized field and, therefore, the agent should be a specialist in his own right; (2) that the agent take care of all the personal insurance requirements—A. & H., life, fire, automobile, casualty—of a not-too-large number of clients; (3) that the agent, while primarily a specialist in A. & H., could broker or even write some of the other lines in an incidental way as opportunities came up during his A. & H. work.

Six Join H. & A. Conference

Six new companies were admitted to membership in H. & A. Underwriters Conference at a meeting of the executive committee in connection with the group meeting at Chicago this week. They are National Fidelity Life, Massachusetts Casualty, American Guarantee & Liability, Bankers Life of Nebraska, Rural Mutual Casualty, Madison, Wis., and Security Mutual Life of Nebraska. This brings the company membership to 175.

Discuss A. & H. at Newark

A. & H. coverages will be discussed at a joint meeting of the Newark C.P.C.U. and C.L.U. chapters March 12. Speaker at the luncheon will be Ardell Everett, vice-president of Prudential in charge of A. & H.

Test Case Ordered in Conn. on Pru Strikers' Wage Claim

Labor Commissioner Egan of Connecticut has ordered a test case investigation at New Haven to determine if Prudential has criminally withheld some $500,000 in wages owed to 500 striking agents in Connecticut. Mr. Egan instructed City Attorney Kopkind of New Haven to study the cases of 53 Prudential agents there who have filed such claims with the labor department.

Should Mr. Kopkind find that wages have actually been withheld, the labor department will ask Prudential to pay up, Mr. Egan said. Failing in this, the department would ask town prosecutors to bring individual suits for the agents against Prudential. The New Haven case will serve as a guide for action on claims of other Prudential agents in Connecticut. In Hartford, 80 agents are affected. Of the 500 striking agents in Connecticut, 193 have filed claims for wages they say Prudential has withheld.

Sales Ideas and Suggestions

Calls Maturity, Business Acumen Fine Sales Assets

To successfully solicit business life insurance the agent must have attained a degree of personal and business maturity and his most valuable asset will be previous experience in a business and the ability to interpret a corporation's balance sheet, Harold P. Cooley, New England Mutual, Boston, told the Philadelphia Life Underwriters Assn.

An insurance policy on the life of a key man can serve a dual purpose, Mr. Cooley explained. The key man as well as the corporation's machinery presumably will be pretty well worn out in about 20 years. During that time the key man's successor will be in training. Every year he lives decreases the liability faced by the corporation in replacing him, and an increased liability for financing the replacement of the machinery. There is no reason why the possibility of premature death of the key man can not be discounted while at the same time the replacement of the worn out machinery is amortized through life insurance.

Mr. Cooley is in favor of a balance sheet that shows the face amount of the insurance policy as an asset and the increasing cash value of the policy as a liability. With that method of bookkeeping a corporation would have two kinds of surplus, a "contingency surplus" and a "liquidating surplus." For that purpose it would seem reasonable to use a policy with fairly liberal cash values such as 20 pay life, he suggested.

If a well established concern cannot capitalize the conservative value of its chief asset, human ingenuity, and set aside 4% annually of that capitalized value as a fully funded sinking fund type of reserve, the key man had better liquidate his investment and transfer it to another field where his money and talent have a better chance, said Mr. Cooley.

There are instances, of course, he said, where no such profound thinking is necessary to establish the insurability of the key man. He cited as an example a meeting of the stockholders of a small corporation whose $50,000 worth of stock would have been useless if the man with the technical know-how to get their newly organized firm successfully started in business, died suddenly. Mr. Cooley suggested to them that if the key man died with $50,000 of life insurance on his life the stockholders could choose between seeking a new plant superintendent or liquidating at least on a money back basis. The insurance was sold.

During his sales career he has met the key man who blocks efforts to sell the coverage through his modesty, either assumed or genuine. The key man says he can be replaced. Mr. Cooley doesn't argue with him but points out that it is the cost of replacement including the loss of plant production, lost business, and so forth, that really costs the business money.

Need Not Insure Both Men

In one partnership case, Mr. Cooley was dealing with two partners, one of whom was nearly 60 and the other about 40. The older man had gradually moved most of the responsibility to the shoulders of his younger partner. The older man didn't like the suggestion that each be insured for $25,000 payable to the other. Mr. Cooley agreed with him, pointing out that if he died first his partner could very easily continue the business, which was of a commission nature with very little invested capital, but if his partner died first he would have to go back to work or lose the very nice income he was now enjoying through the fruit of his younger partner's labors. He placed $50,000 on the young partner's life.

Mr. Cooley also recalled the case of the successful agent who walked into a large and prosperous city market and asked this question of the proprietor: "How would you like to have the retail value of everything in this store go to your widow at your death?" The proprietor looked at the agent for a moment without a change of expression and then said, "I would like it very well." "All right," said the agent, "all the rest is detail."

Sometimes a corporation officer is called upon to endorse one of the corporation's notes to a bank. This opens up a need for insurance on the life of the endorser. If the corporation officer died while his signature was endorsed on corporation notes, his estate would be holding the bag for his endorsements at a time when the corporation could easily find it inconvenient to meet its obligations. Mr. Cooley wrote $50,000 of insurance on the man's life to be paid to the corporation. There was an additional paragraph in a trust agreement providing for the liquidation of any outstanding liabilities of the corporation bearing the endorsement or guarantee of the deceased stockholder prior to the purchase or sale of the said stockholder's stock.

Mr. Cooley pointed out in conclusion that a man's judgment is only as good as his information. He advised, "When you are in a business insurance interview get all the facts. The facts will uncover plenty of liabilities that can be discounted or amortized by life insurance."

Mich. Legislature Gets Compulsory Disability Bill

LANSING, MICH.—A compulsory disability insurance bill has been introduced in the Michigan legislature. It would require employers of four or more persons, along with contributions by their employes, to provide disability coverage amounting to one-half of average weekly earnings up to a maximum of $26, payments to be continued for a maximum of 13 weeks. Minimum weekly payment would be $10.

Employe contribution would be limited to one-half of 1% of wages. Employers could insure with private companies, the state accident fund, assume their own risk if certified financially able, or create a special trust fund deposited with the state treasurer.

Another measure introduced would require promoters of professional boxing bouts to provide participants insurance coverage of $500 for injuries and $5,000 for fatalities. An insurance department appropriation bill totaling $413,669 for the coming fiscal year has been introduced. If approved, this amount would be sufficient to enable the Michigan department to complete its planned reorganization program.

Newell Day at Milwaukee

Newell C. Day, Equitable of Iowa, Davenport, will outline his methods and procedures on recruiting and the "Key to Opportunity" recruiting manual at the Feb. 29 dinner meeting of Life Managers & General Agents Assn. of Milwaukee. He will show his new three-dimensional films on recruiting.

Anti-Nepotic Measure

Senator Panken of New York City has introduced a measure in the state senate that would bar business deals between life companies and their directors or relatives of officers without the New York department's consent. Panken stated his measure was inspired by recent newspaper publicity on the Equitable Society examination report. The bill is not regarded as likely to pass.

1952 Detroit Insurance Phone Directory Is Out

The 1952 edition of the Detroit Insurance Telephone Directory, published by the National Underwriter Co., is off the press. The directory contains a comprehensive listing of insurance telephone numbers and addresses. Every type of insurance office is listed. Cross-listed are the names of the top men in the offices. It also includes a special classified Service Guide.

The book is available from the National Underwriter office at 1102 Lafayette building, Detroit 26. The price is $1.

M.D.R.T. Application List Passes 500

(CONTINUED FROM PAGE 8)

cinnati; Arthur A. Ebenstein, Union Central, Beverly Hills, Cal.; Andrew J. Elder, London Life, Toronto; Stanford R. Espedal, United Services Life, Honolulu.

Francis T. Fenn, Jr., National of Vermont, Hartford; Louis J. Fink, Connecticut Mutual, New York City; Kenneth C. Fitch, New York Life, Wichita, Kan.; Raymond W. Frank, State Mutual, Chicago; Leopold V. Freudberg, Massachusetts Mutual, Washington, D. C.; Robert C. Fyke, Occidental of California, Los Angeles.

Alex J. Geisenberger, Connecticut Mutual, Dallas; Adolph E. Gillman, Northwestern Mutual, Baltimore; Louis J. Grayson, Travelers, Washington, D. C.; Harry Greensfelder, Jr., Equitable, St. Louis.

John M. Hammer, State Mutual, Tampa, Fla.; Wm. B. Hardy, New England Mutual, Cincinnati; John D. Hibbard, Mutual Benefit, Grand Rapids, Mich.; Emanuel A. Hyman, Mutual Life, Baltimore.

Owen P. Jacobsen, New England Mutual, New York City; Nathan S. Jacobson, Reliance, Baltimore; Gustave Jay, Independent, Newark; James P. Joyce, Phoenix Mutual, Holyoke, Mass.

* * *

Richard J. Katz, Massachusetts Mutual, Rochester, N. Y.; C. H. "Smokey" Killen, New York Life, San Antonio; Joseph Lee Kowins, Central Standard, Baltimore; Louis P. Kraus, New York Life, Baltimore; V. John Krehbiel, Aetna, Los Angeles.

Lonnie Langston, Southwestern Life, Lubbock, Tex.; Walker Laramore, Penn Mutual, Miami; Jack Lauer, Independent, Cincinnati; Matthew J. Lauer, Continental American, New York City; Robert A. Lauer, Northwestern Mutual, Cincinnati; Donald E. Leith, New England Mutual, New York City; E. L. "Len" Leonard, New York Life, Winston-Salem, N. C.; Alfred J. Lewallen, Mutual Benefit, Miami; Edwin M. Lillis, Northwestern Mutual, Erie, Pa.; H. R. Lindenberger, Ohio National, York, Pa.; Isaac Loskove, State Mutual, Memphis.

John L. McCann, Jefferson Standard, Charlotte, N. C.; Tom McCreary, New York Life, San Francisco; John L. McDowell, New York Life, New York City; Frank L. McFarlane, Northwestern Mutual, Cleveland; James N. McLean, Penn Mutual, Jackson, Miss.; Henry L. Maltenfort, Northwestern Mutual, Chicago; Robert L. Maxwell, Southwestern, Dallas; R. Clint Meadows, National of Vermont, Binghamton, N. Y.; Jack N. Meeks, Northwestern Mutual, Columbus, O.; Edwin H. Miller, New York Life, Chicago; J. Renwick Montgomery, Phoenix Mutual, Philadelphia; Elmer C. Moore, New York Life, Wichita, Kan.; D. L. Myrick, Great Southern, Lake Charles, La.

J. Edgar Nelson, American National, Los Angeles; Lowell L. Newman, Penn Mutual, Fort Wayne, Ind.; Robert C. Newman, New England Mutual, St. Louis; Barney Nuell, Connecticut Mutual, Los Angeles.

Conant M. Ohl, Northwestern Mutual, Toledo, O.; Francis R. Olsen, Northwestern Mutual, Minneapolis; Gordon D. Orput, New England Mutual, Portland, Ore.

* * *

Albert M. Palmer, Massachusetts Mutual, Miami; George E. Parris, Bankers National, Philadelphia; Charles C. Peck, Canada Life, Toronto; Clarence E. Pejeau, Massachusetts Mutual, Cleveland; Albert Phillipson, Northwestern Mutual, West Orange, N. J.; James H. Prentiss, Jr., New England Mutual, Chicago; Leigh T. Prettyman, Northwestern Mutual, Muskegon, Mich.; Arthur F. Priebe, Penn Mutual, Rockford, Ill.; Alfred Pugno, Mutual Life, Fremont, Mich.

Clarence I. Quilling, New York Life, Dayton, O.

Lloyd Ramsey, Mutual Benefit, Memphis; James G. Ranni, Manhattan, New York City; E. Benjamin Redfield, Jr., Northwestern Mutual, Boston; Robert U. Redpath, Jr., Connecticut Mutual, New York City; Winston H. Robbins, Equitable of Iowa, Lafayette, Ind.; Robert Rogerson, Penn Mutual, Lansing, Mich.; Charles E. Rosch, Northwestern Mutual, Baltimore; Lester A. Rosen, Union Central, Memphis; Edward W. Rosenheim, Penn Mutual, Chicago; Albert G. Ruben, Mutual Benefit, Los Angeles.

Robert L. Scharff, Northwestern Mutual, St. Louis; Harry R. Schultz, Mutual Life, Chicago; Sherman O. Schumacher, Provident Mutual Akron, O.; Herbert J. Schwahn, Northwestern Mutual, Milwaukee; Ben H. Sekt, New York Life, Sioux City, Ia.; George S. Severance, Ohio National, Chicago; Clifford A. Seys, Northwestern Mutual, Grand Rapids, Mich.; Jacob W. Shoul, Mutual Life, Boston; Samuel M. Sitomer, Union Central, New York City; Adon N. Smith, II, Northwestern Mutual, Charlotte, N. C.; Keith S. Smith, Franklin, Springfield, Ill.; Carl P. Spahn, Equitable of Iowa, Chicago; Louis R. Stein, Home of New York, Newark; G. Gustav Steiner, Aetna, New York City; Samuel C. Steinman, Northwestern Mutual, Chicago; DeWitt A. Stern, Independent, New York City; Archibald D. Stewart, London Life, Ottawa; Roy E. Stringer, State Mutual, Detroit.

M. Glenn Tuttle, Lincoln National, Miami.

Loyd W. Uebele, Northwestern Mutual, Chicago; John M. Utter, Equitable of Iowa, Seattle.

Malcolm D. Vail, Northwestern Mutual, Chicago; Franklin A. Van Sant, National Gardian, Madison, Wis.; H. Bruce Veazey, Indianapolis Life, San Antonio.

Julian D. Walter, Northwestern Mutual, Chattanooga; Jack Wardlaw, Provident Mutual, Raleigh, N. C.; Norman Warren, New York Life, New York City; Robert E. Watson, Occidental of California, San Francisco; Shirley J. Wayburn, New York Life, Detroit; Lester E. Weaver, New York Life, San Francisco; Malcolm H. Webb, Jr., Life of Virginia, El Paso, Tex.; C. Ralph Weil, Northwestern Mutual, Cincinnati; Sidney Weisman, Northwestern Mutual, Detroit; Charles H. Weiss, New England Mutual, New York City; Russell C. Whitney, Connecticut Mutual, Chicago; Herbert L. Wickstrand, Mutual Life, Seattle.

Qualifying, Repeating

E. Walter Albachten, Pacific Mutual, Detroit.

Donald Beaton, Canada Life, Toronto; Harold W. Beyer, Independent, Allentown, Pa.; Franklin W. Bowen, Northwestern Mutual, Charleston, W. Va.; Robert B. Brown, College Life, Norman, Okla.

Maurice C. Chier, Continental Assurance, Milwaukee; Mrs. Grace W. Chow, Franklin, Los Angeles.

C. W. Davis, C.L.U., Southwestern, McAllen, Tex.; Pete J. Demetros, International Life, Tokyo, Japan; Joseph N. Desmon, John Hancock, Buffalo, N. Y.; James J. Durkin, Sr., Philadelphia Life, Dallas, Pa.

Robert William Ebling, Jr., Penn Mutual, New York City.

James L. Feder, Mutual Life, New York City; Edward F. Fendt, Equitable of Iowa, Chicago; William B. Ferrell, Home Life of New York, Richmond; Tom Flournoy, Jr., New York Life, Macon, Ga.; Walter E. Fox, Union Central, Chicago.

Paul E. Garrett, Ohio National, Spokane; Avery Gentle, New York Life, Ithaca, N. Y.; Jeremiah F. Goffredo, Northwestern Mutual, Philadelphia; Frederick R. Griffin, Jr., Connecticut Mutual, Philadelphia.

Albert R. Hahn, Northwestern Mutual, Philadelphia; Albert L. Hallenberg, Jr., Lincoln National, Louisville; Lusk Gordon Hardy, Imperial Life, Toronto; Samuel S. Herman, Connecticut Mutual, Chicago; Mark B. Higgins, Equitable, Pittsburgh; Jack Hilmes, Equitable, Des Moines; Russell Wm. Huether, Franklin, St. Louis; Oscar Hurt, Jr., State Mutual, Memphis.

William B. Jadden, New England Mutual, Los Angeles; Theodore A. Johnstone, Columbian National, Kansas City.

Leonard C. Kiesling, Continental American, Wilmington, Del.; Harley J. Kirkpatrick, New England Mutual, Warren, O.; Daniel P. Kreer, Fidelity Mutual, Chicago.

Frank Lazarus, Paul Revere, Providence, R. I.

Harry R. McCoy, Penn Mutual, Philadelphia; Kenneth L. McGooden, Northwestern Mutual, McCook, Neb.; Lantz L. Mackey, North American, Detroit; Edwin O. Martin, Provident. L. & A., Chattanooga; Kenneth L. Means, State Mutual, Chicago; Percy T. Morioka, Manufacturers, Honolulu.

Colgan Norman, Penn Mutual, Louisville.

John Pennington, State Mutual, Buffalo, N. Y.; James K. Petrie, New England Mutual, Baton Rouge, La.; Henry Petter, Connecticut Mutual, Grand Rapids, Mich.; James P. Poole, Guardian, Atlanta; William F. Poole, III, Mutual Life, New York City; Wilmer S. Poynor, Jr., New York Life, Birmingham, Ala.; Alfred Joseph Pratka, American General, Houston.

Nelo E. Rhoton, New York Life, Flagstaff, Ariz. Harry A. Rife, Jr., New York Life, Detroit; Clay E. Roberts, Atlas, Tulsa; Frank J. Rubenstein, Equitable, Baltimore; William I. Russell, Northwestern Mutual, Detroit.

T. Saito, Manufacturers, Honolulu, Robert M. Saville, Massachusetts Mutual, Newark; William J. Schloen, Jr., Manhattan, Beverly Hills, Cal.; Salvatore Scrudato, Metropolitan, Irvington, N. J.; Louis P. Small, United Life & Accident, Worcester, Mass.; A. D. Stein, Aetna, Chicago; Albert I. Stix, Jr., Mutual Benefit, St. Louis.

Harry E. Thoms, Jr., Philadelphia Life, Norristown, Pa.

Chester A. Williams, Connecticut General, Los Angeles; Andrew L. Wolf, Business Men's Assurance, Flagstaff, Ariz.

John Zima, John Hancock, Washington, D. C.

Life

M. Lee Alberts, Equitable, Chicago. Roswell P. Bagley, Northwestern Mutual, Buffalo, N. Y.; Aloysius F. Breher, Northwestern Mutual, St. Paul; W. Lester Brooks, Jefferson Standard, Charlotte, N. C.; Robert A. Brown, Pacific Mutual, Los Angeles; Lloyd H. Bunting, Equitable Society, New York City.

Harry W. Castleman, New England Mutual, Louisville; Edward S. Churchill, Northwestern Mutual, Hartford; Paul F. Clark, John Hancock, Boston; Charles

E. Cleeton, Occidental of California, Los Angeles; William O. Cord, Fidelity Mutual, Dayton, O.
Ernest H. Earley, Northwestern Mutual, New York City.
George M. Galt, Massachusetts Mutual, Pittsfield, Mass.
Richard A. Harrison, Franklin, Sacramento, Cal.; John O. Hawkins, New York Life, St. Louis; W. C. Hewitt, Northwestern Mutual, Milwaukee; C. Von Hickman, Northwestern Mutual, Eugene, Ore.; Takeshi Jack Hitomi, Lincoln National, Sacramento, Cal.
Walter W. Jones, Mutual Life, Pomona, Cal.
John Thomas Kehoe, Jr., Southwestern, Dallas.
Thomas A. Lauer, Northwestern Mutual, Joliet, Ill.; Walter B. Lichtenstein, John Hancock, Indianapolis.
Rowland Fisher Mellor, Mutual Benefit, New York City; W. Robert Moore, Connecticut Mutual, Decatur, Ill.
Aaron M. Nadler, Union Labor Life, New York City; Julius Nadler, Union Labor Life, New York City; Jules Nassberg, Berkshire, New York City.
Jack G. Oltorf, Republic National, San Angelo, Tex.
Gerald W. Page, Provident Mutual, Los Angeles; Nathan P. Paulus, State Mutual, Dayton, O.; Aubrey Peters, New York Life, Chicago; Robert K. Powers, Massachusetts Mutual, Spokane; Edwin Thomas Proctor, Northwestern Mutual, Nashville; Charles E. Purdy, Jr., Independent, Minneapolis.
Glenn Rifenberg, Mutual Benefit, Three Rivers, Mich.
Thomas M. Scott, Penn Mutual, Philadelphia; Wesley S. Shafto, Mutual Life, Monroe, La.; Chas. N. Siewers, Security Life & Trust, Winston-Salem, N. C.; Caleb R. Smith, Massachusetts Mutual, Asheville, N. C.; Clarence E. Smith, Northwestern Mutual, Chicago; James H. Smith, Jr., Massachusetts Mutual, Los Angeles; Stuart F. Smith, Connecticut General, Hartford; J. E. B. Sweeney, Equitable, Charleston, W. Va.
J. Harry Veatch, Northwestern Mutual, St. Louis.
S. B. Campion Wood, Travelers, Philadelphia; J. Kenneth Wyard, John Hancock, Peoria, Ill.
Bernard H. Zais, Connecticut Mutual, Burlington, Vt.

Frank Takes Reliance Posts

Joseph D. Frank, vice-president and general counsel of Lincoln National Life, has been named a director and general counsel of Reliance Life. He will continue in his present capacity with Lincoln National.

Gets Diamond for 30 Years

Sherman Babcock, district manager for Prudential at Columbus, O., marked 30 years with the company recently. Rowland Rutherford, company director of agencies for Ohio, presented Mr. Babcock with a locket containing a diamond.

Lewallen Leads Associates

Mutual Benefit Life has named A. J. Lewallen, general agent at Miami, president, and Sidney Weil of Cincinnati, vice-president and treasurer of National Associates, top company production club.

Benner Talks to Ad Men

Dr. Claude L. Benner, president of Continental American Life, gave his views on rising prices at a recent meeting of the Life Insurance Advertisers Assn. at Philadelphia.

LEGAL RESERVE FRATERNALS

Gilbert Elected President of N. Y. State Congress

Samuel A. Gilbert, Independent Order of Foresters, was elected president of the New York State Fraternal Congress at the annual meeting in New York City, succeeding Ernest R. Deming, Jr., Unity Life & Accident.

Mrs. Veda Harris, Woodmen Circle, is first vice-president; Edward C. Lichtenberger, Modern Woodmen, second vice-president; and Leland J. Bayley, Unity L. & A., reelected secretary-treasurer.

On the executive committee are Mr. Deming, Stanley Czaster, Polish Union; Clyde F. Wilmeth, Junior Order United American Mechanics; Frank B. Mallet, Protected Home Circle; Mrs. Elizabeth I. Danahar, Catholic Women's Benevolent Legion; William E. Burke, Knights of Columbus, and George Shelley, Maccabees.

The meeting began with a session on working problems of field man led by Mr. Gilbert. The field activity theme predominated throughout the day. There was an unusually large attendance. Four new societies joined the congress, giving it a total of 54 members.

Need More Field Activity

A need for increased fraternal field activity was stressed by Richard de R. Kip, instructor in insurance at University of Pennsylvania. Mr. Kip cited the decline in the proportion of fraternal insurance in force in recent years in relation to the national total. He observed that in 1920 fraternals had $9.3 billion in force, or 26% of the commercial in force of $42 billion. But at the end of 1950 fraternals had only $6.96 billion compared with $242 billion of commercial insurance or about 3%. He said this situation is true also as to the number of certificates in force.

Mr. Kip discussed the relative merits of the closed as opposed to the open contract. This led to considerable discussion on that subject.

Luke Hart, president of the National Fraternal Congress, reviewed the progress of the N.F.C. "Bloodmobile" program. The member companies of N.F.C. have contributed sufficient funds to purchase three "Bloodmobiles" which are being donated to the Red Cross. They cost about $6,000 each. Mr. Hart recently presented one to the Red Cross at Baltimore. Another presentation ceremony will soon take place in Schenectady with a third scheduled to take place in the mid-west later.

Julius Sackman, chief of the life bureau of the New York department, which has recently taken over the administration of fraternal activities, spoke briefly. Elliot Kaplan of the New York state comptroller's office gave a short address on economics.

E. R. Deming, Sr., president of Unity Life & Accident, who recently underwent a successful eye operation, was unable to attend the meeting. Warren Benedict, who traditionally delivers the report of the legislative committee and the memorial resolution, was ill and unable to attend.

Equitable Reserve In Force Goes Up to $43,865,536

Business in force of Equitable Reserve of Neenah, Wis., rose to $43,865,536 at the end of 1951. The total membership passed 50,786. The net interest rate earned on assets was 3.91%. Benefits paid since organization amounted to $28,055,637. Assets totaled $13,904,179. Contingency reserve amounted to $1,050,000, an increase of $50,000 over the previous year. Unassigned surplus was $1,619,704, giving a total of contingency reserve and unassigned surplus of $2,669,704.

Aid Assn. for Lutherans Business Gained by 14.5%

Aid Assn. for Lutherans had $65,096,926 of paid for business in 1951, a gain of 14.5%. Insurance in force rose to $607,361,072. Assets increased to $142,438,211. Net interest on investments rose from 4.07% to 4.14%. Mortality rate increased from 24.68% to 26.57%. The ratio of actual to expected mortality was about 3% higher than in 1950.

The new home office building will be occupied by midyear, and the association is making plans to observe its 50th anniversary this year.

White to Fraternal Meet

O. Lee White, president of the Georgia Fraternal Congress, was elected at a quarterly conference at Atlanto to attend the national congress at New York City.

Agency Licensing Path in Minn. Made More Exacting

Commissioner Nelson of Minnesota has taken steps to make the path to agency and solicitor licensing more exacting. A new study manual has been brought out that will be the basis for examinations. This was gotten up in collaboration with representatives from all segments of the business. It replaces a manual that was printed seven years ago. The book runs to 124 pages.

In life insurance the old question and answer plan has been eliminated and instead there is a syllabus outlining the subjects on which the candidate should be informed. The Q and A plan is retained for all other lines but the questions and answers for study are greatly expanded.

Mr. Nelson at the same time issued an order directing the insurer to get an outside credit and character report on newly appointed agents. The insurer must certify to the department that this report has been obtained and that it discloses no blemish.

There will be no waiting period prior to the first examination for license, although the application for license must be on file before the examination can be taken. There will be a 30-day waiting period before taking a second examination after failure on the first and after that there will be a 90-day period.

Occidental Life has been licensed to do business in Florida, Georgia and Wisconsin. The company is now licensed in 38 states, the District of Columbia, six provinces in Canada, the territories of Hawaii and Alaska, the Philippines and in Hong-Kong.

N. Y. State Assn. Urges Defeat of Condon Measure

ALBANY—Urging members of the New York State Life Underwriters Assn. to contact their senators and assemblymen with a view to defeating the Condon bill amending section 213 of the insurance law, a bulletin has been sent out by Spencer L. McCarty, Provident Mutual, Albany, executive secretary of the state association, comparing in parallel columns the Condon bill and the companies proposal for a new article IX-F.

The bulletin urges members to make it clear that the Condon measure falls far short, on virtually every count, of giving the agents what they have asked for. The bulletin compares the major points of the Condon bill and IX-F to show the former's short comings. It points out that IX-F was "hammered out of a good many proposals from all sections of the business over a period of 36 months, with full knowledge and in some instances detailed suggestions from the insurance department in many conferences," and that the Condon bill is not a substitute for IX-F but is a last minute compromise proposal that fails to meet the criticisms of section 213, fails to get at the core of the problem of what is really needed to stop the regression of the agency system and the life insurance business.

"It is one step closer to losing state control of the insurance business," the bulletin warns.

V. J. Skutt Is Featured

V. J. Skutt, president of Mutual Benefit H. & A., gave a talk on "Writing of Disability Coverages by Life Companies" at a dinner meeting of Insurance Institute of Nebraska at Omaha. W. L. Packard of Security Mutual Life of Lincoln, president of the institute, presided.

Woodmen Central Life has been authorized to write life insurance in Wisconsin.

Bohlinger Refuses to Endorse IX-F

(CONTINUED FROM PAGE 2)

supervision, individual temperament, and the like. He said that no one can foresee whether training allowances will solve the problem but it can fairly be said that failure to provide training allowances is a defect that should be rectified.

Asked by Senator Friedman of Brooklyn whether this shortcoming could be remedied by an amendment without putting in a whole new section, Mr. Bohlinger said it could.

Mr. Bohlinger said that the smaller companies face a problem in establishing new general agencies. A big company can transfer a block of existing business on which collection and/or service fees will help finance the new venture. But the smaller company usually lacks these and it is almost impossible to establish and operate from scratch a new general agency. He said that one solution for this was presented in the McLain bill (article IX-F). Mr. Bohlinger recalled that at the previous 213 hearings in November, President M. A. Linton of Provident Mutual, sometimes called "the father of section 213," said that he thought the failings in the present section could be corrected by amendment.

Asked to See Amendment

"I was interested, because the impression was getting around that there was something sacrosanct about the McLain amendment," said Mr. Bohlinger. "Following the hearing, I communicated with Mr. Linton, suggesting that some thought might be given to amending section 213."

Mr. Bohlinger went on to say that Mr. Linton, with Gordon D. McKinney, vice-president of Security Mutual Life at Binghamton, N. Y., and former actuary of N.A.L.U., developed a draft of an amendment for section 213.

"To clear the atmosphere," Mr. Bohlinger said that a statement by an earlier witness to the effect that this McKinney-Linton proposal was formulated "in collaboration" with the New York department and that the New York department had submitted it to the McLain committee was incorrect and he said he wanted to make it "abundantly clear" that the McKinney-Linton proposal was not especially favored by the New York department.

TIME LACKING

The McKinney-Linton proposal has been examined by the actuarial subcommittee of the McLain committee, he said, and all had agreed that there was not ample time for a full appraisal of the McKinney-Linton plan.

Mr. Bohlinger said that Mr. McKinney and Mr. Linton had said in a signed statement that there was not time to perfect the amendment approach, that it had been discarded not because it lacked merit but because of lack of time and that consequently they were favoring the McLain committee proposal.

Mr. Bohlinger paid tribute to the time and effort contributed by the McLain committee to formulating article IX-F. He also mentioned the time that he and the department's technicians had given to it.

"More Than One Approach"

"The fact that there may be more than one approach to a solution is something you may want to consider," Mr. Bohlinger said. He said that whether enactment of a new article or whether 213 should be amended is so important a question that he felt sure the Condon committee would want to give it full consideration before committing itself to any course.

Questioned by Senator Friedman, Mr. Bohlinger said that the small companies need relief, that the medium sized companies need relief in some spots and that the large companies can get along all right.

As at the November hearings, Senator Friedman expressed concern about the New York World-Telegram & Sun story indicating that the proposed changes could mean as much as $80 million increase in costs to the insuring public.

Cost Problem Is Knotty

Mr. Bohlinger said that increase in cost is one of the knottiest problems in the picture. One reason is that it is extremely difficult to determine the limits under the present law, which has commission limits tied in with soliciting agents and general agents compensation. Under the McLain proposal, he pointed out, there would be a separation of the limits for agents and general agents. Estimates have run from $20 million on a nationwide basis up to $60 million.

Asked how the World-Telegram writer had derived his figures, Mr. Bohlinger said he didn't know but he assumed that he might be figuring on about a $40 million increase from raising the soliciting agents' compensation from an estimated 86% of one year's premium (present value basis) to 97.2% under the McLain bill; $11½ million from training allowances and $20 million from higher general agents' compensation.

VARIETY OF CHOICES

He emphasized, however, that there are so many ways of figuring the increase that the figure "can be anything you want to make it."

However, Mr. Bohlinger said that the figures presented earlier in the day by Roger Hull, executive vice-president of Mutual Life, seemed to be about right, according to a rapid appraisal by department technicians. These would put the maximum possible increase for New York state policyholders, assuming all companies raised all their expenses all they were permitted to, of about $5½ million a year on future business. Assuming New York business to be about one-sixth of the countrywide figure this would be about $32 million in all.

"You pointed out certain flaws in section 213," said Paul L. Bleakley, Yonkers, counsel to the Condon committee. "Do you feel that article IX-F would cure these?"

"It would remedy some of them," Mr. Bohlinger answered, "but there are infirmities in the McLain proposal as well."

Agent Still in the Dark

Asked by Mr. Bleakley to elaborate, Mr. Bohlinger said that for one thing article IX-F attempts to set up a separation of agents' compensation but said, "I suggest to you that even under IX-F the agent can't tell what he is entitled to." He mentioned that IX-F called for a "fair sample" of the company's business and that the agent can't tell, unless he makes a study of the company's operations, what he should be entitled to get.

Another matter, said Mr. Bohlinger, was that the original article IX-F set no limit on compensation to general agents. He suggested that some consideration be given to a limit, and that the committee came up with a limit of 34.6% of the first year's premium, this figure being used because some companies, in which the general agent pays all his expenses, pay 34.6%.

Mr. Bohlinger also remarked that IX-F would place additional administrative burdens on the superintendent of insurance, for example, in connection with the escalator clause that would permit increases in compensation plans necessitated by higher costs.

He also objected to the lack of a specific penalty provision in IX-F. He said that while such a penalty provision is in a bill now pending in the legislature it dealt only with violations con-

nected with policy forms and rates and hence if the legislature wanted to have a penalty in the agency expense limit it would have to be put into IX-F or any other amendment that might be adopted.

Mr. Bohlinger said he didn't subscribe to the penalty provision in IX-F because it enables the violator to have the merits of the case reviewed in court after the superintendent has imposed the penalty. He said that if a penalty provision is to be at all effective the superintendent should have the power to impose the fine and collect it.

EXPENSE ALLOCATION

Another of Mr. Bohlinger's objections to IX-F is that it provides for uniform allocation of expenses only in connection with new and renewal life insurance business. He said that if a uniform allocation statute is to be effective it has to be "across the board" for a company's entire operation. Aanything else, he said, is a fraud on the public.

He said the uniform allocation of expense is particularly important now that so many companies are developing A. & H. business—a trend which he praised highly—but which he indicated made it impossible to determine whether a given class of business is being operated economically unless there is some uniform method of allocating expenses.

This is extremely important in connection with dividends, for he said that "we have found cases where companies were loading expenses from one class of business over onto another."

Wants No Shuttling

He said he thought the public would be interested in knowing and would be better satisfied if it knew that some method of expense allocation was being followed and that expenses were not being shuttled back and forth from one class to another.

"Unless you have a statute that applies to all operations you have a meaningless statute," he declared.

Asked by Assemblyman Dwyer of Brooklyn whether he thought that article IX-F was all right as far as it went, on a temporary basis, Mr. Bohlinger warned against enacting it with the idea that it would be temporary.

"I'm not prepared to make a recommendation at this time except to suggest that you might want to explore another avenue of approach," Mr. Bohlinger concluded.

Silent on Strike Issues

Earlier in his testimony Mr. Bohlinger had refused to be drawn into expressing an opinion as to what, if anything, should be done in a legislative way that might end the Prudential strike of industrial agents. Senator Friedman wanted to know if the law actually prohibited Prudential from doing what the union wants done. Mr. Bohlinger said he preferred not to answer, as he had not studied section 213 a (which deals with industrial insurance limits), which he said is different in concept from section 213.

"Is there anything the legislature could do now about helping settle this strike?" asked Friedman.

"If I would try to answer, I'd be a poseur," the superintendent replied. "I know nothing about management and labor relations problems. I have enough on my hands to administer the insurance law."

Mr. Bohlinger also refused to commit himself on whether he thought it would be a good thing to have the law amended so that directors representing the public would sit on life company boards. However, he indicated satisfaction with the present system of company examinations.

When Friedman objected that in that way "you get in after the horse is stolen." Mr. Bohlinger said that the only other way would be to have members of the department staff sit in every day to keep tabs on a company and he indicated that this would be putting the department into a company's management to an undesirable degree.

As of the hearing date, Mr. Bohlinger's position appeared to be that it would be better to put off a full-scale revision of section 213 for another year for he said that "if your committee wanted to do something it could be done on a temporary basis."

McLain's Testimony

In his testimony, Chairman McLain of the joint A.L.C.-L.I.A. committee on section 213 revision offered a redraft of the IX-F version presented last November and read a brief statemnt describing the more important changes.

A new subsection, 301 (7), has been added, giving the superintendent authority to prescribe, for the purposes of article IX-F, classification of expenses and methods to be followed by life companies in reporting their operations under article IX-F. In 302 (1) in IX-F the provision that non-admitted companies could enter New York without revising existing agency contracts has been eliminated. The original proposal would have allowed companies to come into the state even though their agency contracts then in effect exceeded New York limits, though any new contracts entered into following date of entry would have to conform to the New York law.

Change as to Service Fees

Section 302 (6), limiting service and collection fees to agents to 3% of premiums after 15 years has been rewritten. It is now proposed that one-third of the value of such fees may be paid as compensation during the first 15 years and that any part not otherwise used would be available to provide or augment a plan of security benefits for agents.

In section 302 (7) (a) (2) a reduction from 8% to 7½% has been made in the maximum compensation permitted to be paid to agents on monthly debit insurance.

Referring to section 302 (10) (a) (3), Mr. McLain said that one of the limits for training allowances previously proposed was 5% of the agency expense limit. This has been reduced to 4% of the first $10 million of the limit and 2% of the excess. The aggregate reduction for all companies is about $4 million, based on 1950 figures.

AGENCY EXPENSES

The limit for agency expenses, referred to in section 303 (2) (e), for each company has been reduced somewhat. For all companies combined, the reduction amounts to approximately $4.4 million, based on 1950 figures.

In section 304 (2) (b) the limit for general expenses for each company has been reduced. For all companies combined, the reduction amounts to about $5.7 million, based on 1950 figures. This includes the reduction of $4.4 million previously referred to in the agency expense limit.

Section 306 has been considerably expanded and now limits, in a number of ways, the compensation of general agents. The changes in this section are given in more detail elsewhere in this issue.

Mr. McLain said his committee is also proposing certain changes in sections 113, 204, 221 and 223 of the insurance law. These changes are restrictions pertaining to group and A. & H. insurance and would be needed if IX-F is enacted to continue restrictions now in 213 that would not be in IX-F. In addition, the company committee is proposing certain necessary amendments to sections 212, 214 and 217 which are required primarily because of references to 213.

Counsel Bleakley asked Mr. McLain if his committee had given consideration to allocation of expenses. Mr. McLain said this had been done in section 301 (7) of IX-F but that his committee had no authority to go beyond the expense limitation section of the law.

Maximum Increase Figures

Executive Vice-president Roger Hull of Mutual Life gave some figures on the maximum possible increase in costs, based on 1950 figures, that could be expected if article IX-F were enacted. Mr. Hull gave similar figures in answer to questions at the November 29-30 hearing, but pointed out that since then there have been a number of changes in the proposed legislation and also the cost figures he gave on agents' compensation at the previous hearing were based entirely on the ordinary life plan.

Mr. Hull said that the maximum increase in agents' compensation over the amount now being paid is $3,920,000. The maximum increase for training allowances to new agents would be $1,250,000, giving a total possible increase payable to agents, if the maximum limit were used by all companies (which is not the case under the present law) of $5,170,000.

LESS THAN 1%

The increase in agency expense limits for the companies having $1 billion or less in force is $240,000. (For companies with more than $1 billion in force the limit would be lower then under the present law.) The increase in general expense limits, in addition to the increase in agency expense limits for companies with less than $1 billion amounts to $80,000.

The estimated increase in compensation that might be paid to general agents in companies with less than $1 billion in force is, under the proposed legislation, $140,000. Thus the total maximum increase in cost, assuming that every company utilizes the maximum limit, would be $5,630,000 a year for policyholders located in New York state. This amounts to about 30 cents per $1,000 per year on new insurance to be sold in the future, or a little less than 1% of the premium.

R. B. Evans Testifies

Refuting Assemblyman Dwyer's statement that the smaller companies didn't care for section IX-F, Richard B. Evans, president of Colonial Life, said that speaking for his company only he felt it would "solve our problems." He showed how his company had been getting closer and closer to its limits in recent years and said that without relief the company would be over its limits and in a couple of years would be faced with leaving New York, where it has 27% of its business in force and has been operaing for 50 years. He said he felt the committee had done well by Colonial in formulating its legislative proposal.

E. J. Moorhead, executive vice-president of United States Life, speaking as a small-company representative, said the smaller companies would feel that IX-F would afford valuable and substantial relief and that statement would certainly apply to United States Life. He said the smaller companies were finding it increasingly difficult to operate under present section 213. Asked by Senator Friedman if he had ever thought of three separate articles, one for small, one for medium and one for large companies, Mr. Moorhead said no, he felt that IX-F would accomplish the desired result.

David I. Shapiro, associate counsel of the Insurance & Allied Workers Organizing Committee of the CIO, said that his study of the background of section 213 and section 213a had convinced him that the legislature in enacting them had never intended them to limit compensation that had been negotiated by collective bargaining. Mentioning the national labor relations act and the fair labor standards act, Mr. Shapiro said he believed that any law, like 213 and 213a, that places a limit beyond which collective bargaining cannot go, is unconstitutional.

Prudential Agent Testifies

Kenneth Sansevere, agent of Prudential in Yonkers, testified on the plight of the industrial agent who is caught between rising living costs and the limits imposed by section 213a.

Harold P. Hanover, secretary-treasurer of the New York State Federation of Labor, also talked along the same line as Mr. Sansevere. In talking with both Mr. Sansevere and Mr. Hanover, Senator Condon, the committee chairman, tried to find out whether they thought Prudential was actually offering all it could under the statutory limitations. Neither, however, felt competent to express an opinion.

Vincent Demsky of the International Union of Insurance Agents, AFL, Albany, testified to the effect of section 213 and section 213a in limiting his earnings. He said he earned $4,700 last year, gross, and that he was considered to be one of the top debit agents in Albany.

Wyman Talk Livens Section 213 Hearing

(CONTINUED FROM PAGE 2)

come and replied that last year it was between $20,000 and $24,000.

Mr. Wyman also stressed the point that the expense limitation of the insurance law was originally designed to give effect to the findings of the Armstrong investigating committee of 1905. Saying that abuses by some of the company managements of that period were flagrant and costly to the insuring public, he added, "the legislature aimed at management but shot the agent. Management created the abuses but the agents receive all the punishment, even a half century later."

The public doesn't need or want "protection" against a living wage for ordinary life insurance agents, Mr. Wyman declared, saying that removing the ceiling on agents' earnings would not automatically raise life insurance rates but that if it should result in higher insurance rates to the public, "we ask 'what of it?'"

No Ceiling on Bread Commissions

"Life insurance is no more important than bread," he continued. "Has the New York legislature 'protected' its citizens from the doubling of the price of bread? Has it set a limitation on the earnings of bakers or bread salesmen?"

Mr. Wyman stated that the proposed law would result in a lowering of the present limitations. He said that the present rates of 55% first year, nine renewals of 5% each and five additional renewals of 3⅓% each and 3% annually thereafter are the equivalent, on a present value basis, of 107% of one year's premiums. The corresponding figure under proposed article IX-F, 15 tens with threes thereafter, has a commuted value equivalent of 97.2%.

Mr. Wyman bitterly attacked what he called the "confiscation of renewals."

He said there is nothing in the proposed legislation which would interfere with the continuation of the practice.

Mr. Wyman criticized companies' earlier testimony on welfare benefits for agents and the amount of increase that the proposed legislation would involve, calling the latter "microscopic."

Mr. Wyman urged the rejection of the proposed article IX-F and said that new legislation would be enacted to accomplish these objectives:

"1. Remove the ceiling on agents' compensation. Let it find its proper level in the economy by accepted American practices.

"2. Take the profit out of turnover by preventing the coldblooded confiscation of renewals.

"3. Put a floor under agents' earnings by setting up a decent legal income level. This would make it unprofitable for companies to hire unqualified or unfit agents or to retain them. It would raise the status of the ordinary agent to at least the economic dignity of the filing clerk."

Better Public Relations Agreed Upon

(CONTINUED FROM PAGE 3)

sures, and that the business should make clear to all policyholders that as the purchasing power of the dollar decreases their life insurance estates decline correspondingly in such power. But, he cautioned, their life insurance programs do not represent their entire economic interest. A very large percentage of them probably favor inflationary trends. Consequently a life company should not give its policyholders political advice or spend their money to sell them a point of view with which they disagree. They resent any such effort. The business meets its responsibility fully, it seems to him, when it makes clear to policyholders the effect of inflation on their insurance programs and does what it can to protect that part of their property which they have entrusted to its care.

The business has always received relatively sympathetic treatment from taxing authorities, because of the great social value of life insurance. However, if the business deliberately promotes use of tax benefits as a method by which wealthy people can avoid taxes, it may run into trouble.

Communications policyholders receive from their life companies are much too technical. There is a wide public demand for improvement of correspondence methods in printing forms, for speeding up and streamlining of policyholder services and for eliminating useless requirements that put policyholders to unnecessary trouble.

In recent years life companies have become very large investors in home mortgages. A certain percentage inevitably will be foreclosed in the future. Foreclosures on homes are likely to present far more serious public relations problems than foreclosures on commercial buildings. Companies therefore would be wise to work out new techniques for handling delinquencies on home mortgages in ways that will minimize the number of foreclosures and that will not create too much ill-will.

Loans negotiated directly with a corporate borrower are usually not registered under the securities act. So that there can be no accusation of secrecy, it is highly advisable for life companies to publicize all such loans fully, at the time they are arranged, he said.

In general, he concluded, a good working rule to follow is "never take any action or make any decisions unless you are willing to see a story about it on the front page of your newspaper." That test alone can prevent many of the public relations errors that companies are likely to make.

Mr. Anderson cited some personal experiences with prominent men to show that a great many people simply do not understand the way life company money goes into local business and industry across the country. This poses a real selling job. If these people do not know the facts, how can the business expect them, or public bodies and others, to understand? General agents and managers can do much to spread the story, and Mr. Anderson believes they can use it to help sales.

In its investments the business can't function like Fort Knox. The investment field is competitive. The business must put policyholders' money to work consistent with over-all security of principal. Companies must diversify—that is why life insurance dollars are at work everywhere one looks, big and little business and all kinds of business.

Public Fixes Policies

The investment policies of life companies basically are dictated by the public, he noted. For example, telephones were needed at the end of the war and many millions of insurance dollars went into telephone investments. At the end of 1951 investments in railroad securities was almost the same as it was 20 years before, but in that time there had been no call for new railroad mileage. In housing, however, investment of the companies is up tremendously since war end.

He called attention to the new method of financing pioneered by life companies for medium and small sized enterprises, the direct loan. Most of these enterprises are unknown to the public, and it is hard for them to go into the market and get money in the usual way. About $3 billions were invested in this way in 1951 by life insurers, with $5,000 the low and an average of about $500,000. These loans meet a real public need. They operate as a stabilizing factor because with life insurance money not subject to quick call in bad times there should be fewer failures.

It is often said today that it is a poor time to go into housing because of the high building costs, yet he cited an instance in which his company had made a substantial investment in housing and in 1951, the development's first year of operation, the return was very good.

The legal responsibilities of life companies are met if they meet their contract obligations. But, he said, their moral responsibilities go much further.

What about investment trust, asked Tom O'Hara of Metropolitan, New York. Insurance companies don't invest in them, but would put more money in common stocks, perhaps, Mr. Anderson said. They constitute a wonderful investment medium for individuals who have enough life insurance, he added in answer to a question by E. L. Rosenbaum, Mutual Benefit Life, Brooklyn.

M. J. GOLDBERG

Mr. Goldberg, who occupies the somewhat unusual position in the business of liaison between the actuarial and agency departments of his company, made a big hit with the audience with his witty and sensible comments. He suggested general agents and managers try to get their own companies to establish a similar liaison. He also suggested that general agents and managers invite actuaries into the field where they can talk with and listen to agents.

The one operating as liaison between agency and actuarial can help to bring to the attention of the actuarial department the problems of the field men. The latter are in the best position to say what the policyholder wants. The object is to try to make everything as salable as possible that is actuarially sound. He said that general agents and

managers should not hesitate to put ideas up to their actuaries if the idea is well thought out.

Agency men as well as actuaries are interested in good quality business. He believes the best way to get persistent business is to have good managers, who select good agents, who select good business and then try to keep it on the books. But can the business go too far in this direction?

Business can't be paid for until it is written. Consequently, there is such a thing as too high a selectivity which deprives the public of protection.

Rental and clerical salary rates are beyond the control of the manager but not the efficient use of them, he commented.

All companies are interested in keeping costs in control. But too low an acquisition cost is not a good prime objective. A company can keep its costs so low it doesn't get new agents and begins to go out of the business. Enough new business will tend to keep costs in line; it takes money to make money.

There is a lot of competition in the life business, Mr. Goldberg commented. It is healthy to have it. He suggested that a company need not try to do everything other companies do, but perhaps find out what they are doing. Not everything fits into the framework of a company.

Mr. Engelsman commented that if the business attempts to take everybody for life insurance, with certain limitations perhaps, would the resultant increased mortality be offset by a saving in cost of examination, due to volume? Mr. Goldberg said more non-medical is being written because the saving just about offsets the extra mortality. Of course, if the public would come in to buy the non-medical, **it would be all right, but** not if it is only the man who has just discovered come defect in his system. The sub-standard is being further developed for those in poor health. It is not good to penalize the 90% for the 10%.

One manager commented that the best representatives of life insurance are in that 10% who can't get it or are rated up.

Osborne Bethea, Prudential, New York, wondered why life insurance doesn't assume the war risk without a war clause. Mr. Goldberg noted that Equitable paid every death claim in full after the first and second wars by reopening those contracts. On a patriotic basis, perhaps the business should assume this risk, but it owes a responsibility to other policyholders.

Marketing Is Losing Headway

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know how many in the 23% need the product. All the studies are of people who buy insurance.

There are some clues, Mr. Zimmerman said. The Psychological Corp. of New York in a study found the 25% of the people who own life insurance had not been called on in two years; 50% that did not own insurance had not been called on in two years. At Baton Rouge, a study revealed that 50% of the people had not been interviewed for life insurance within a year, 33.5% in more than a year. Of the latter, 37% had incomes of more than $5,000 a year.

Another study showed that for all ordinary companies the number of applications declined 19% from 1946 to 1949. Who is taking up the slack? Is it the weekly premium agents? No, because applications in the weekly premium field declined 25%. Is anyone taking up the slack? Yet from 1946 to 1949 the U. S. acquired more people, and in 1949 there were more people with money to buy life insurance than in 1946. National productivity, 1940 to 1950, increased 57%, standard of living 52%, productivity per capita 36%, and insurance in force 18%.

Fewer Insured All the Time

Mr. Zimmerman concluded that the business is insuring fewer and fewer people year after year. This trend in number of applications continues, as is reflected in the study of it that now is being brought up to date.

Business generally is good, but Mr. Zimmerman said it gives the business pause when analyses of this kind are made. Something may be happening at the core of the business.

It can be said, he thinks, that the business has not approached its potential, it has lost ground in relation to income, in relation to disposable income, etc.; geographically, sparsely settled areas are being neglected; economically the business is not cultivating extensively the $3,000 to $5,000 annual income market, and occupationally, it is not cultivating extensively the blue collar or semi-skilled and skilled worker markets.

As to adequacy, the business is losing ground. Part of the answer may be that it is losing ground to other forms of security expenditures. In 1940 disposable personal income in the U. S. was 77 billion; in 1949 it was $191 billion. In 1940 life premiums were almost $4 billion, in 1950 they were $6.8 billion. Other security expenditures in 1940 were $1.86 billion, in 1950 $7.488 billion. Pensions by other than life insurance have gone up 352% in 10 years, social security and taxes 148%, A. & H. 335%, hospitalization and medical reimbursement 1,572% and government life insurance 1,335%.

He noted the considerable amount of term being sold, but pointed out the variation in term sales, company to company, which is very marked. In a recent year one company had 11% in term and another 49.8%. True, protection is a basic life insurance purpose; also, the company with 49.8% in term has been able to cut this to less than 35% by shifting emphasis in sales work.

NARROWER MARKET

Group has had a tremendous growth. How has it affected the market? It is argued both ways. There is no clear proof that social security, term or group have helped the ordinary agent, and Mr. Zimmerman does not think this can be clearly proved, ever. These things may have stimulated the agent to go out and sell, but the conclusion is inevitable that it has narrowed the market. If an individual comes into possession by these means of certain basic coverages, he doesn't need those coverages from the life business.

Is the business giving adequate service to the policyholder? Mr. Zimmerman does not think so, and he does not think it will, regardless of commission, because the company cannot get the agent to service at a fee of 2% or 3% when he can sell at 50%. Neither can the company pay 50% for service, and it won't pay 2% on sales.

If the marketing division of the business is not doing a full job, what is the solution? Should the agency system be scrapped? Mr. Zimmerman does not think so because there is nothing as good to replace it, let alone anything better. Can it be strengthened? Yes, but a lot of this already has been done through better selection and training of both agents and managers. There is, however, still much improvement to be accomplished, both at the agency and home office levels.

The business cannot under its present system service and sell the low income part of the population. If it is going to dot it, it has to evolve some new techniques.

Mr. Coffin suggested that the business can work on orphaned policyholders for years without running out of ammunition.

Sam Davis of Phoenix Mutual, New York, wondered about night calls for blue collar workers. Mr. Zimmerman said he thought it was necessary first to educate this market. It may not be possible to develop it with the present agency force because that force has been trained to deal with a different market. The blue collar agent may not fit in with a general agency atmosphere as it is constituted today. Perhaps the answer is physical separation for two working forces.

Mr. Davis noted that an agent selling workers can hardly put in an eight hour day because he has to do his calling in the evening. He won't make a living on two interviews a day. Mr. Zimmerman replied that most agents don't make two interviews a day anyway, that the income of the blue collar worker is as good as many prospects the agent is calling on today, and that some of the workers are on the job at night so that they can be reached in the daytime.

Howard Cammack of John Hancock, Albany, wondered if in developing business in sparsely settled areas the part timer might not be revived. Mr. Zimmerman did not think so because the general insurance man has replaced the part timer.

Harry Krueger of Northwestern Mutual, New York, noted that the number of agents is declining. If the business made life underwriting more attractive, it could get more men and do a more adequate job. Mr. Zimmerman said he thought the total agency force is about holding its own in numbers.

Another manager said that if he could get specific market information on the localities in his territory, such as that developed in Baton Rouge and Seattle, it would help greatly. Mr. Zimmerman said the business has not scratched the field of market study for insurance production purposes.

Ralph Engelsman of Penn Mutual, New York, commented that no change in section 213 is required to implement the idea of broadening the market that the business reaches.

NEED MORE SOURCES

A basic problem is to get more sources of business, Mr. Coffin said. That means, for one thing, more manpower. The product is excellent and the market is vast—the two are not brought together frequently enough.

Compensation of agents is only a partial answer to increased manpower, he opined. However, he declared that section 213 revisions as proposed by the McLain committee are in the public interest. Managers and general agents should follow through on those recommendations. There are three musts in the proposed legislation. Relief must be given some of the smaller New York companies. Some slight increase in agents' compensation is needed to offset the higher cost of doing business. And the training allowance will be a helpful tool.

How Be More Attractive?

Mr. Coffin thinks it essential to make life underwriting more attractive. So far, the business has done a lousy job at this. How can it be made to look better; why doesn't it have more appeal?

One big non-attraction is the troublesome matter of prospecting. Those who manage sales are not giving enough attention to this. Training needs to be bettered so the new man goes out with the priceless essential of confidence. Of course an agency that develops successful men improves the attraction of the business.

In 1951 Connecticut Mutual did not lose an experienced man to another business, he said. Once thoroughly and successfully in it, men are wedded to it. But it still looks unattractive to newcomers. Perhaps by the very accomplishment of putting more men in it, successfully, it will become more attractive. Until it is he doesn't think the business does or can meet all its social obligations.

S. F. Group to Hear Politics

W. Donald Fletcher, director and trustee of the Coro foundation, will discuss underwriting the political future at the Feb. 25 meeting of the San Francisco General Agents and Managers Assn.